

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

BASIC FINANCIAL STATEMENTS
(AUDITED)

FOR THE YEAR ENDED
DECEMBER 31, 2007

MS. JANINE COOPER, FINANCE DIRECTOR



Mary Taylor, CPA
Auditor of State

Members of Council
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, 2007 through December 31, 2007. 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

July 21, 2008

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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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, 2007, 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.

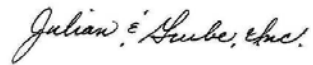
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform 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, 2007, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2008 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.



Julian & Grube, Inc.
June 4, 2008

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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, 2007. 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 2007 are as follows:

- The total net assets of the City increased \$2,747,320. Net assets of governmental activities increased \$2,855,676 or 5.94% over 2006 and net assets of business-type activities decreased \$108,356 or .46% over 2006.
- General revenues accounted for \$10,639,882 or 78.75% of total governmental activities revenue. Program specific revenues accounted for \$2,871,330 or 21.25% of total governmental activities revenue.
- The City had \$10,655,536 in expenses related to governmental activities; \$2,871,330 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$7,784,206 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$10,639,882.
- The general fund had revenues and other financing sources of \$8,948,686 in 2007. This represents an increase of \$788,082 from 2006 revenues. The expenditures and other financing uses of the general fund, which totaled \$8,028,265 in 2007, increased \$72,516 from 2006. The net increase in fund balance for the general fund was \$920,421 or 43.28%.
- The fire and rescue fund had revenues and other financing sources of \$1,693,286 in 2007. This represents a increase of \$155,677 from 2006 revenues and other sources. The expenditures of the fire and rescue fund, which totaled \$1,432,058 in 2007, decreased \$119,529 from 2006. The net increase in fund balance for the fire and rescue fund was \$261,228 or 183.96%.
- The police fund had revenues and other financing sources of \$2,690,768 in 2007. This represents an increase of \$303,433 from 2006 revenues and other sources. The expenditures and other financing sources of the police fund, which totaled \$2,382,973 in 2007, decreased \$30,776 from 2006. The net increase in fund balance for the police fund was \$307,795 or 344.49%.
- The street fund had revenues and other financing sources of \$2,308,907 in 2007. This represents an increase of \$616,246 from 2006 revenues and other sources. The expenditures of the street fund, which totaled \$2,364,806 in 2007, increased \$686,435 from 2006. The net decrease in the fund balance for the street fund was \$61,180 or 11.65%.
- The reserve for capital improvement fund had revenues and other financing sources of \$682,183 in 2007. The expenditures of the reserve for capital improvement fund totaled \$470,930 in 2007. The net increase in the fund balance for the reserve for capital improvement fund was \$211,253 or 12.35%.
- Net assets for the business-type activities, which are made up of the water, sewer, and solid waste enterprise funds, decreased in 2007 by \$108,356. This decrease in net assets was due primarily to the loss on disposal of capital assets combined with the depreciation expense on capital assets.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

- In the general fund, the actual revenues came in \$154,876 lower than they were in the final budget and actual expenditures were \$610,987 less than the amount in the final budget. Budgeted revenues remained the same from the original to the final budget. Budgeted expenditures increased \$341,499 from the original to the final budget due primarily to an increase in the general government expenditures.

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 2007?" 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
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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 reserve for capital improvement. 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
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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. Net assets at the beginning of the year were restated (See note 3.A for detail). The table below provides a summary of the City's net assets for 2007 compared to 2006:

	Net Assets					
	2007 Governmental Activities	Restated 2006 Governmental Activities	2007 Business-type Activities	Restated 2006 Business-type Activities	2007 Total	Restated 2006 Total
<u>Assets</u>						
Current and other assets	\$ 14,330,968	\$ 11,772,825	\$ 4,863,420	\$ 4,991,109	\$ 19,194,388	\$ 16,763,934
Capital assets	<u>38,818,169</u>	<u>38,576,978</u>	<u>19,010,231</u>	<u>19,021,539</u>	<u>57,828,400</u>	<u>57,598,517</u>
Total assets	<u>53,149,137</u>	<u>50,349,803</u>	<u>23,873,651</u>	<u>24,012,648</u>	<u>77,022,788</u>	<u>74,362,451</u>
<u>Liabilities</u>						
Long-term liabilities	372,614	340,680	297,239	283,564	669,853	624,244
Other liabilities	<u>1,829,504</u>	<u>1,917,780</u>	<u>90,573</u>	<u>134,889</u>	<u>1,920,077</u>	<u>2,052,669</u>
Total liabilities	<u>2,202,118</u>	<u>2,258,460</u>	<u>387,812</u>	<u>418,453</u>	<u>2,589,930</u>	<u>2,676,913</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	38,818,169	38,576,978	18,866,880	18,845,289	57,685,049	57,422,267
Restricted	7,114,989	5,883,152	-	-	7,114,989	5,883,152
Unrestricted	<u>5,013,861</u>	<u>3,631,213</u>	<u>4,618,959</u>	<u>4,748,906</u>	<u>9,632,820</u>	<u>8,380,119</u>
Total net assets	<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>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2007, the City's assets exceeded liabilities by \$74,432,858. At year-end, net assets were \$50,947,019 and \$23,485,389 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 75.08% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and infrastructure. Capital assets, net of related debt to acquire the assets at December 31, 2007, were \$38,818,169 and \$18,866,880 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
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

As of December 31, 2007, 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, \$7,114,989, 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 \$5,013,861 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net assets for fiscal year 2007 and 2006.

Change in Net Assets

	2007	Restated 2006	2007	Restated 2006	2007	Restated 2006
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
Revenues						
Program revenues:						
Charges for services	\$ 1,263,562	\$ 1,291,360	\$ 3,265,279	\$ 3,060,543	\$ 4,528,841	\$ 4,351,903
Operating grants and contributions	949,193	1,098,059	-	332,702	949,193	1,430,761
Capital grants and contributions	658,575	945,716	91,071	58,124	749,646	1,003,840
Total program revenues	<u>2,871,330</u>	<u>3,335,135</u>	<u>3,356,350</u>	<u>3,451,369</u>	<u>6,227,680</u>	<u>6,786,504</u>
General revenues:						
Property taxes	1,617,828	1,774,945	-	-	1,617,828	1,774,945
Income taxes	6,306,195	5,753,968	-	-	6,306,195	5,753,968
Unrestricted grants and entitlements	1,307,943	872,248	-	-	1,307,943	872,248
Investment earnings	840,878	506,920	102,035	99,458	942,913	606,378
Payment in lieu of taxes	366,242	85,857	-	-	366,242	85,857
Gain on sale of capital assets	172,779	-	-	-	172,779	-
Miscellaneous	28,017	112,982	19,736	41,456	47,753	154,438
Total general revenues	<u>10,639,882</u>	<u>9,106,920</u>	<u>121,771</u>	<u>140,914</u>	<u>10,761,653</u>	<u>9,247,834</u>
Total revenues	<u>13,511,212</u>	<u>12,442,055</u>	<u>3,478,121</u>	<u>3,592,283</u>	<u>16,989,333</u>	<u>16,034,338</u>
Expenses:						
General government	1,652,040	1,406,642	-	-	1,652,040	1,406,642
Security of persons and property	4,235,790	4,680,325	-	-	4,235,790	4,680,325
Public health and welfare	16,335	34,840	-	-	16,335	34,840
Transportation	3,908,779	3,280,319	-	-	3,908,779	3,280,319
Community environment	560,701	606,868	-	-	560,701	606,868
Leisure time activity	279,416	293,236	-	-	279,416	293,236
Interest and fiscal charges	2,475	23,333	-	-	2,475	23,333
Water	-	-	1,558,792	1,010,594	1,558,792	1,010,594
Sewer	-	-	1,207,905	1,202,016	1,207,905	1,202,016
Solid waste	-	-	819,780	594,510	819,780	594,510
Total expenses	<u>10,655,536</u>	<u>10,325,563</u>	<u>3,586,477</u>	<u>2,807,120</u>	<u>14,242,013</u>	<u>13,132,683</u>
Change in net assets	2,855,676	2,116,492	(108,356)	785,163	2,747,320	2,901,655
Net assets at beginning of year, restated	<u>48,091,343</u>	<u>45,974,851</u>	<u>23,594,195</u>	<u>22,809,032</u>	<u>71,685,538</u>	<u>68,783,883</u>
Net assets at end 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>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Governmental Activities

Governmental activities net assets increased \$2,855,676 in 2007. This increase is a result of revenue growth primarily in taxes and intergovernmental revenue along with capital contributions related to developer donated infrastructure. In addition, during 2007 the City sold capital assets including land in the Otterbein Industrial Park realizing a gain of \$172,779.

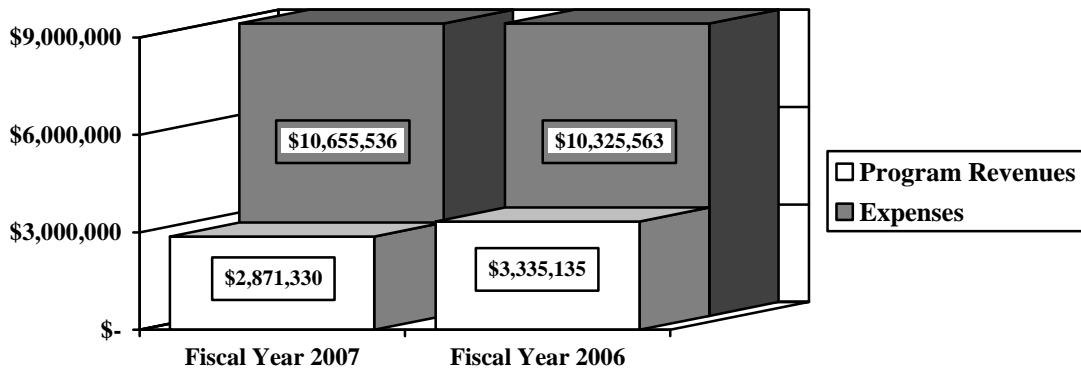
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$4,235,790 of the total expenses of the City. These expenses were partially funded by \$821,951 in direct charges to users of the services. Transportation expenses totaled \$3,908,779. Transportation expenses were partially funded by \$80,798 in direct charges to users of the services, \$938,944 in operating grants and contributions and \$604,170 in capital grants and contributions.

The state and federal government contributed to the City a total of \$949,193 in operating grants and contributions and \$658,575 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total grants and contributions, \$1,543,114 subsidized transportation programs, \$10,249 subsidized security of persons and property programs, \$32,320 subsidized leisure time activities and \$22,085 subsidized general government activities.

General revenues totaled \$10,639,882, and amounted to 78.75% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$7,924,023. 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 \$1,307,943.

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
MONTGOMERY COUNTY, OHIO**

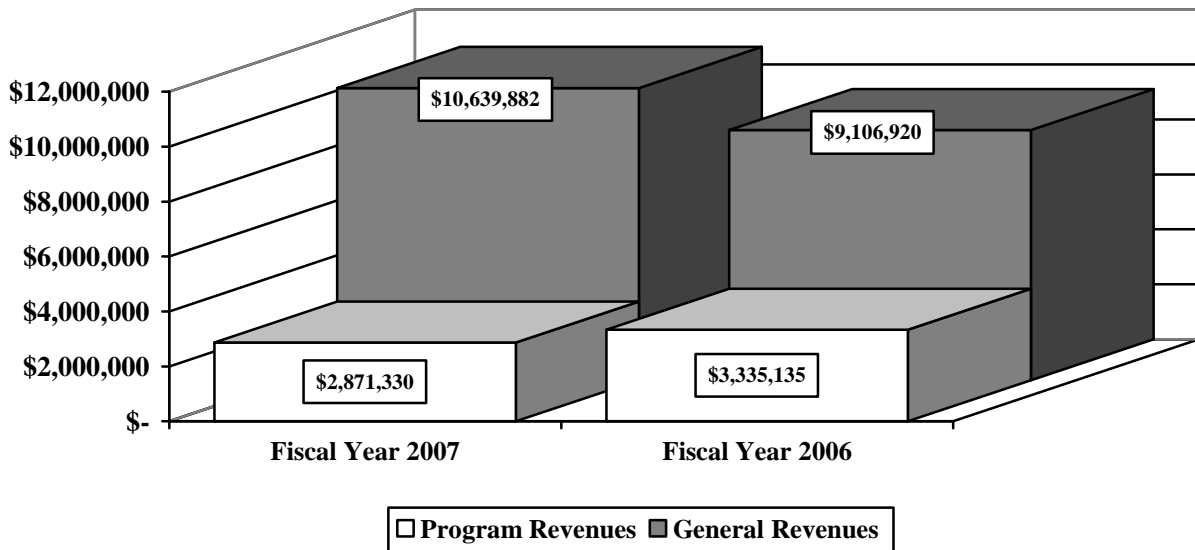
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Governmental Activities

	Total Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2007</u>	Net Cost of Services <u>2006</u>
Program Expenses:				
General government	\$ 1,652,040	\$ 1,406,642	\$ 1,412,832	\$ 893,566
Security of persons and property	4,235,790	4,680,325	3,403,590	3,554,126
Public health and welfare	16,335	34,840	13,558	32,798
Transportation	3,908,779	3,280,319	2,284,867	1,664,273
Community environment	560,701	606,868	447,995	561,465
Leisure time activity	279,416	293,236	218,889	260,867
Interest and fiscal charges	<u>2,475</u>	<u>23,333</u>	<u>2,475</u>	<u>23,333</u>
Total Expenses	<u>\$10,655,536</u>	<u>\$10,325,563</u>	<u>\$ 7,784,206</u>	<u>\$ 6,990,428</u>

The dependence upon general revenues for governmental activities is apparent, with 73.05% of expenses supported through taxes and other general revenues.

Governmental Activities - General and Program Revenues

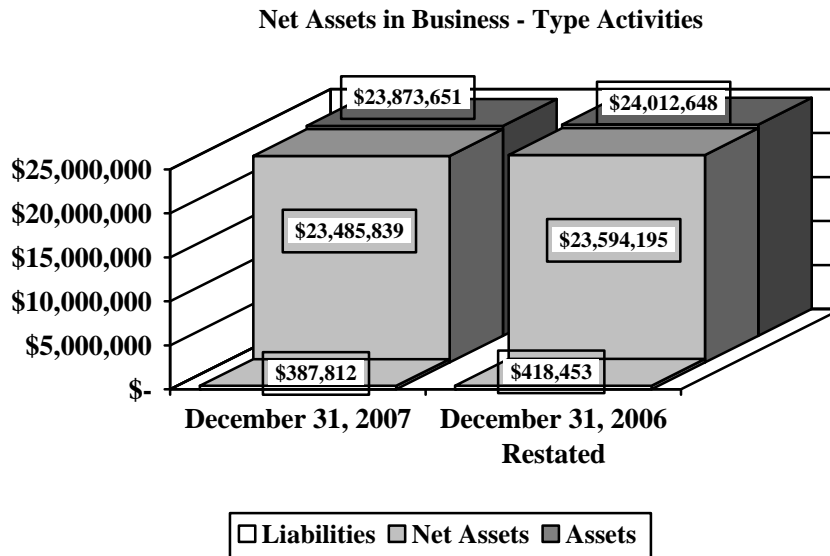


**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Business-type Activities

Business-type activities include the water, sewer, and solid waste enterprise funds. These programs had program revenues of \$3,356,350, general revenues of \$121,771 and expenses of \$3,586,477 for 2007. The graph below shows the business-type activities assets, liabilities and net assets at year-end 2007 and 2006.



Financial Analysis of the Government's Funds

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

Governmental Funds

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

The City's governmental funds (as presented on the balance sheet on page 21 - 22) reported a combined fund balance of \$9,797,788 which is \$2,064,273 above last year's total of \$7,733,515. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2007 for all major and nonmajor governmental funds.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Fund Balances <u>12/31/07</u>	Fund Balances/(Deficits) <u>12/31/06</u>	Increase (Decrease) <u></u>
Major Funds:			
General	\$ 3,047,079	\$ 2,126,658	\$ 920,421
Fire and rescue	403,234	142,006	261,228
Police	218,447	(89,348)	307,795
Street	463,947	525,127	(61,180)
Reserve for capital improvement	1,921,349	1,710,096	211,253
Other nonmajor governmental funds	<u>3,743,732</u>	<u>3,318,976</u>	<u>424,756</u>
 Total	 <u>\$ 9,797,788</u>	 <u>\$ 7,733,515</u>	 <u>\$ 2,064,273</u>

General Fund

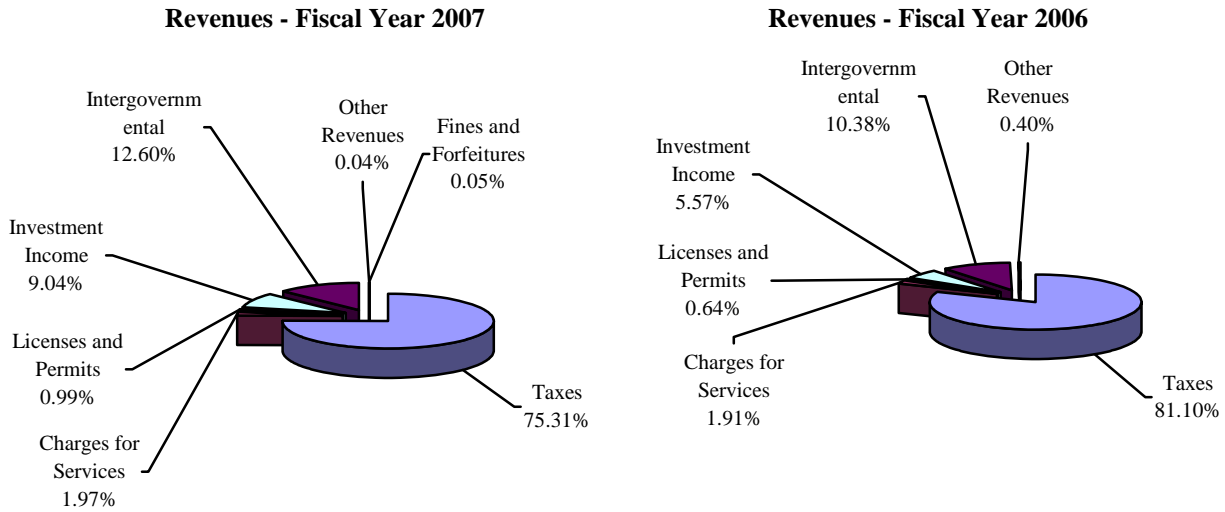
The City's general fund balance increased \$920,421, primarily due to increases in intergovernmental revenue and investment income. The table that follows assists in illustrating the revenues of the general fund.

	<u>2007</u> Amount	<u>2006</u> Amount	<u>Percentage</u> Change
<u>Revenues</u>			
Taxes	\$ 6,737,682	\$ 6,618,409	1.80 %
Charges for services	175,941	156,169	12.66 %
Licenses and permits	88,284	52,632	67.74 %
Fines and forfeitures	4,448	-	100.00 %
Investment income	809,029	454,831	77.87 %
Intergovernmental	1,127,703	845,772	33.33 %
Other	<u>3,590</u>	<u>32,791</u>	(89.05) %
 Total	 <u>\$ 8,946,677</u>	 <u>\$ 8,160,604</u>	 9.63 %

Tax revenue represents 75.31% of all general fund revenue. Tax revenue increased slightly by 1.80% over prior year. The increase in investment income is due primarily to the fair market value adjustment required to increase the City's federal agency securities from the book value to the fair market value. This gain on value is not received on a cash basis until the maturity of the investment. The increase in intergovernmental revenue is due to the City aggressively applying for and securing a significant amount of state and local grants and revenue assistance. Licenses and permit revenue increase in 2007 due to an increase in license and permit applications. License and permits revenue began to rebound in 2007. The City experienced a 10% increase in new home starts over 2006. All other revenue remained comparable to 2006.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**



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

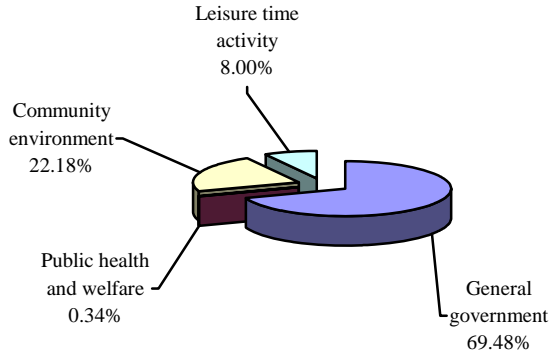
	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government	\$ 1,249,680	\$ 1,219,901	2.44 %
Public health and welfare	6,149	24,044	(74.43) %
Community environment	399,009	431,575	(7.55) %
Leisure time activity	<u>143,880</u>	<u>163,242</u>	(11.86) %
Total	<u>\$ 1,798,718</u>	<u>\$ 1,838,762</u>	(2.18) %

All expenditures remained comparable to 2006. The largest expenditure line item, general government, increased only slightly, and remains comparable to 2006. Leisure time activity decreased due to less money spent by the parks and recreation department. Public health and welfare expenditures in 2006 included \$16,300 in costs of replacing the fence at the Fairview Cemetery. This one-time expenditure resulted in a decrease in expenditures when comparing the current year and prior year.

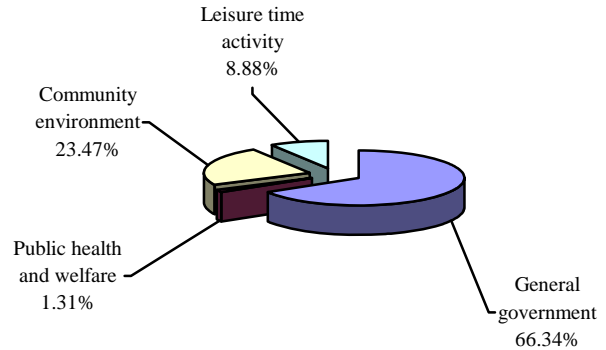
**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

Expenditures - Fiscal Year 2007



Expenditures - Fiscal Year 2006



Fire and Rescue Fund

The fire and rescue fund had revenues and other financing sources of \$1,693,286 in 2007. This represents an increase of \$155,677 from 2006 revenues. The expenditures and other financing uses of the fire and rescue fund, which totaled \$1,432,058 in 2007, decreased \$119,529 from 2006. The net increase in fund balance for the fire and rescue fund was \$261,228 or 183.96%.

Police Fund

The police fund had revenues and other financing sources of \$2,690,768 in 2007. This represents an increase of \$303,433 from 2006 revenues and other sources. The expenditures and other financing uses of the police fund, which totaled \$2,382,972 in 2007, decreased \$30,776 from 2006. The net increase in fund balance for the police fund was \$307,795 or 344.49%.

Street Fund

The street fund had revenues and other financing sources of \$2,308,907 in 2007. This represents an increase of \$616,246 from 2006 revenues and other sources. The expenditures of the street fund, which totaled \$2,364,806 in 2007, increased \$686,435 from 2006. The net decrease in the fund balance for the street fund was \$61,180 or 11.65%.

Reserve for Capital Improvement Fund

The reserve for capital improvement fund had revenues and other financing sources of \$682,183 in 2007. The expenditures of the reserve for capital improvement fund, which totaled \$470,930 in 2007. The net increase in the fund balance for the reserve for capital improvement fund was \$211,253 or 12.35%.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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 expenditures, which increased \$341,499 from \$8,251,823 to \$8,593,322. The other significant change was between the final budgeted revenues and actual revenues. Final budget revenues and other financing sources of \$8,790,587 exceeded actual revenues and other financing sources by \$154,876.

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 fiscal 2007, the City had \$57,828,400 (net of accumulated depreciation) invested in land, buildings and improvements, improvements other than buildings (I.O.T.B.), furniture and equipment, vehicles, infrastructure and construction in progress. Of this total, \$38,818,169 was reported in governmental activities and \$19,010,231 was reported in business-type activities. See Note 9 in the basic financial statements for additional capital asset disclosure. The following table shows fiscal 2007 balances compared to 2006:

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

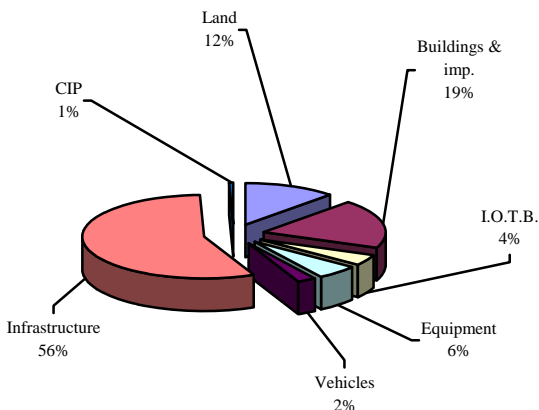
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>Restated 2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>Restated 2006</u>
Land	\$ 4,705,749	\$ 4,583,669	\$ 33,510	\$ 33,510	\$ 4,739,259	\$ 4,617,179
Land improvements (I.O.T.B.)	1,615,770	1,703,208	411,640	-	2,027,410	1,703,208
Buildings and improvements	7,347,600	7,559,305	4,069,651	4,189,719	11,417,251	11,749,024
Furniture and Equipment	2,207,880	2,323,492	1,794,193	1,809,456	4,002,073	4,132,948
Vehicles	906,271	663,975	1,103	3,402	907,374	667,377
Infrastructure	21,815,236	20,655,545	12,647,902	12,618,782	34,463,138	33,274,327
Construction in progress	219,663	1,087,784	52,232	366,670	271,895	1,454,454
Totals	<u>\$ 38,818,169</u>	<u>\$ 38,576,978</u>	<u>\$ 19,010,231</u>	<u>\$ 19,021,539</u>	<u>\$ 57,828,400</u>	<u>\$ 57,598,517</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

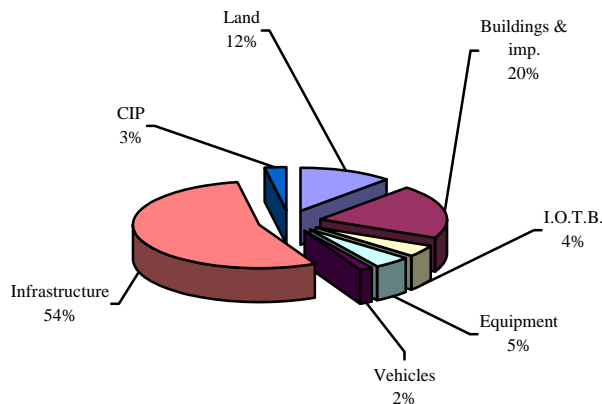
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

The following graphs show the breakdown of governmental capital assets by category for 2007 and 2006.

Capital Assets - Governmental Activities 2007



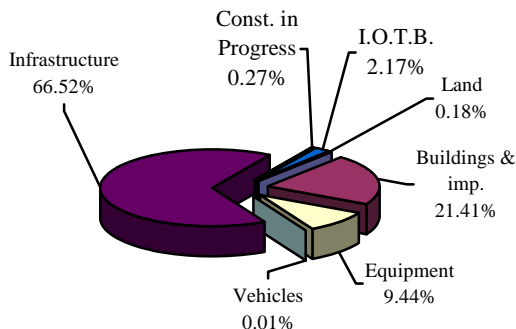
**Capital Assets - Governmental Activities
2006**



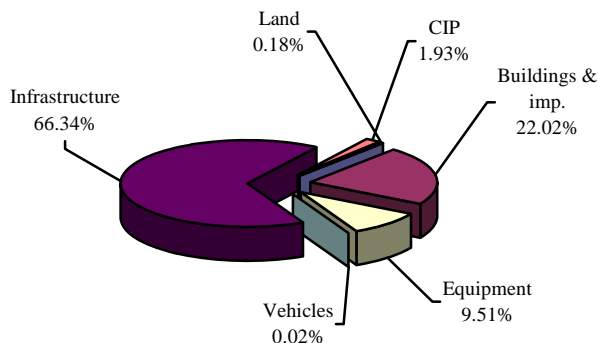
The City's largest capital asset category is infrastructure which includes bridges, thoroughfares, curbs, gutters, sidewalks, storm sewers, traffic signals and street signs. These items are immovable and of value only to the City, however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 56% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2007 and 2006.

**Capital Assets - Business-Type Activities
2007**



**Capital Assets - Business-Type Activities
2006**



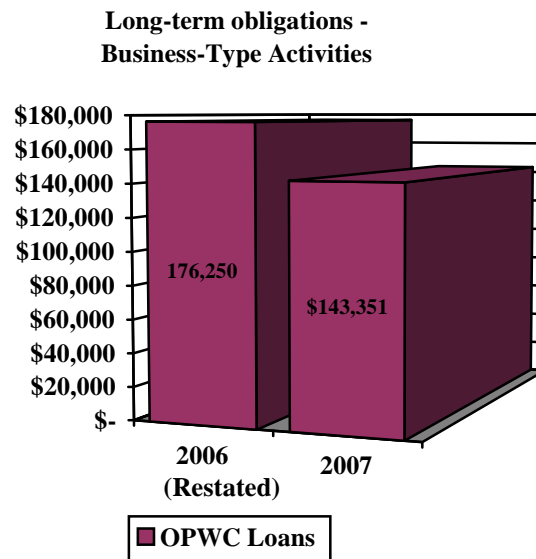
The City's largest business-type capital asset category is infrastructure which primarily includes water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 66.52% of the City's total business-type capital assets.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

Debt Administration

The City's only long-term debt outstanding at December 31, 2007 and 2006 were Ohio Public Works Commission (OPWC) loans in the business-type activities. Of the \$143,351 balance of OPWC loans outstanding at December 31, 2007 \$69,090 is due in one year and \$74,261 is due in more than one year. Below is the comparison of the OPWC loans outstanding at December 31, 2007 and the restated loan balance at December 31, 2006.



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 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 2007 include Phase II of the Main Street Enhancement project and Phase I Rehabilitation of the Sanitary Sewer System. Other 2007 projects of special interest include the installation of sanitary sewer lines on E. Wenger Road, expansion of the fiber optic network to the water and wastewater treatment facilities, and improvements to the intersections at Beckenham Road/W. National Road and W. Wenger Road/Union Road.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007**

The Wenger/Union intersection improvements, including new turn lanes, mast arms and traffic signals, are designed to improve traffic flow and physical beauty to support the continued growth of retail businesses in the area. A newly built Kroger Marketplace provides the anchor for this expanding retail business district. This 125,000 square foot retail facility, which opened on October 2, 2007, is the largest of its kind in the state of Ohio. Additional retail outlets have sprouted around the Marketplace as well. The City anticipates a similar trend along the Main Street corridor, led by the redevelopment of a former RV sales property into a retail and restaurant strip known as the Main on Main. Retail and commercial business along the Hoke Road and I-70 interchange, led by the construction of a Super WalMart in 2006, also continues to grow. The nearby Otterbein Commerce Park contains approximately 100 acres yet to be developed.

In late 2007 Englewood began a nearly \$1M upgrade to the water meter system, converting it entirely to a drive-by radio-read system. This major improvement to the city's infrastructure, completed in early 2008, results in more accurate water bills and more efficient use of city personnel. Other projects slated for 2008 include the third and final phase of the Main Street Enhancement project, Phase II WWTP Upgrades, rehab of the Earl Heck Community Center, renovation of the Ward Field concession stand that includes the addition of new restroom facilities, installation of new lights at Centennial Park, and further expansion of the traffic and security camera system which is designed to increase safety and security in our community. Grants from the Ohio Department of Transportation, the Ohio Public Works Commission, and Community Development Block Grants will pay over \$500,000 of the cost of these capital improvements. The Englewood Little League donated \$36,000 toward the cost of the Centennial Park ball field lights.

Through its presale housing inspection program, the City has taken an aggressive approach to enforcement of zoning and property maintenance ordinances. Just as importantly, the City has been proactive in abolishing community eyesores on vacant and neglected properties. To that end, several nuisance properties have been secured and derelict structures have been demolished to preserve green space and provide additional opportunities for community development. One such property was converted to a free public parking lot adjacent to the post office and within walking distance to several downtown businesses.

Community safety and security are paramount, as evidenced by a 37% reduction in accidents from 1996 to 2007. Serious crimes are at ten-year low as well. The average Englewood Fire & Rescue response time is only 3.8 minutes, in spite of a 12% increase in calls from 2006 to 2007. Regional cooperation is proven by a record 243 mutual aid responses to our neighboring communities in 2007, which is a 17% increase over 2006.

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.Englewood.oh.us.

**BASIC
FINANCIAL STATEMENTS**

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET ASSETS
DECEMBER 31, 2007

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents.	\$ 9,714,728	\$ 4,247,359	\$ 13,962,087
Receivables (net of allowances for uncollectibles):			
Income taxes	1,734,368	-	1,734,368
Real and other taxes	1,510,603	-	1,510,603
Accounts	375,804	370,733	746,537
Accrued interest	99,152	-	99,152
Special assessments	96,661	1,302	97,963
Internal balances	3,744	(3,744)	-
Due from other governments	650,301	-	650,301
Prepayments	48,548	-	48,548
Materials and supplies inventory.	97,059	247,770	344,829
Capital assets:			
Land and construction in progress.	4,925,412	85,742	5,011,154
Depreciable capital assets, net	33,892,757	18,924,489	52,817,246
Total capital assets.	<u>38,818,169</u>	<u>19,010,231</u>	<u>57,828,400</u>
Total assets.	<u>53,149,137</u>	<u>23,873,651</u>	<u>77,022,788</u>
Liabilities:			
Accounts payable.	68,203	10,368	78,571
Contracts payable.	-	38,690	38,690
Accrued wages and benefits	158,666	24,138	182,804
Due to other governments	214,196	17,377	231,573
Unearned revenue.	1,388,439	-	1,388,439
Long-term liabilities:			
Due within one year	241,710	194,985	436,695
Due in more than one year	130,904	102,254	233,158
Total liabilities	<u>2,202,118</u>	<u>387,812</u>	<u>2,589,930</u>
Net assets:			
Invested in capital assets, net of related debt	38,818,169	18,866,880	57,685,049
Restricted for:			
Capital projects.	4,929,944	-	4,929,944
Debt service	6,069	-	6,069
Street construction and maintenance	621,993	-	621,993
Public safety	831,119	-	831,119
Other purposes	725,864	-	725,864
Unrestricted.	<u>5,013,861</u>	<u>4,618,959</u>	<u>9,632,820</u>
Total net assets	<u>\$ 50,947,019</u>	<u>\$ 23,485,839</u>	<u>\$ 74,432,858</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 1,652,040	\$ 217,123	\$ -	\$ 22,085
Security of persons and property.	4,235,790	821,951	10,249	-
Public health and welfare	16,335	2,777	-	-
Transportation	3,908,779	80,798	938,944	604,170
Community environment.	560,701	112,706	-	-
Leisure time activity.	279,416	28,207	-	32,320
Other.	2,475	-	-	-
Total governmental activities	<u>10,655,536</u>	<u>1,263,562</u>	<u>949,193</u>	<u>658,575</u>
Business-type Activities:				
Water	1,558,792	1,270,885	-	55,467
Sewer	1,207,905	1,242,574	-	35,604
Solid waste	819,780	751,820	-	-
Total business-type activities	<u>3,586,477</u>	<u>3,265,279</u>	<u>-</u>	<u>91,071</u>
Total primary government.	<u>\$ 14,242,013</u>	<u>\$ 4,528,841</u>	<u>\$ 949,193</u>	<u>\$ 749,646</u>

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	
Gain on sale of capital assets.	
Miscellaneous	
Total general revenues.	
Change in net assets.	
Net assets at beginning of year (restated).	
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
\$ (1,412,832)	\$ -	\$ (1,412,832)
(3,403,590)	-	(3,403,590)
(13,558)	-	(13,558)
(2,284,867)	-	(2,284,867)
(447,995)	-	(447,995)
(218,889)	-	(218,889)
(2,475)	-	(2,475)
<u>(7,784,206)</u>	<u>-</u>	<u>(7,784,206)</u>
-	(232,440)	(232,440)
-	70,273	70,273
-	(67,960)	(67,960)
<u>-</u>	<u>(230,127)</u>	<u>(230,127)</u>
<u>(7,784,206)</u>	<u>(230,127)</u>	<u>(8,014,333)</u>
833,918	-	833,918
476,989	-	476,989
233,425	-	233,425
73,496	-	73,496
6,306,195	-	6,306,195
1,307,943	-	1,307,943
366,242	-	366,242
840,878	102,035	942,913
172,779	-	172,779
28,017	19,736	47,753
<u>10,639,882</u>	<u>121,771</u>	<u>10,761,653</u>
2,855,676	(108,356)	2,747,320
<u>48,091,343</u>	<u>23,594,195</u>	<u>71,685,538</u>
<u>\$ 50,947,019</u>	<u>\$ 23,485,839</u>	<u>\$ 74,432,858</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

	General	Fire and Rescue	Police
Assets:			
Equity in pooled cash and cash equivalents	\$ 2,741,249	\$ 432,745	\$ 399,038
Receivables (net of allowance for uncollectibles):			
Income taxes.	1,734,368	-	-
Real and other taxes.	700,655	492,938	241,543
Accounts	68,153	300,859	3,404
Accrued interest	99,152	-	-
Special assessments.	95,021	-	-
Due from other funds	-	-	-
Due from other governments	308,087	31,840	20,936
Materials and supplies inventory	-	-	-
	<u>\$ 5,746,685</u>	<u>\$ 1,258,382</u>	<u>\$ 664,921</u>
Total assets	\$ 5,746,685	\$ 1,258,382	\$ 664,921
Liabilities:			
Accounts payable	\$ 2,721	\$ 5,826	\$ 1,547
Accrued wages and benefits.	24,129	32,203	55,861
Compensated absences payable.	-	-	36,426
Due to other funds	494,295	-	-
Due to other governments.	43,256	42,557	91,421
Deferred revenue	1,490,306	316,726	46,171
Unearned revenue	644,899	457,836	215,048
	<u>2,699,606</u>	<u>855,148</u>	<u>446,474</u>
Total liabilities	2,699,606	855,148	446,474
Fund Balances:			
Reserved for encumbrances.	64,802	15,659	31,510
Reserved for materials and supplies inventory	-	-	-
Reserved for debt service.	-	-	-
Unreserved, undesignated, reported in:			
General fund.	2,982,277	-	-
Special revenue funds.	-	387,575	186,937
Capital projects funds.	-	-	-
	<u>3,047,079</u>	<u>403,234</u>	<u>218,447</u>
Total fund balances.	3,047,079	403,234	218,447
Total liabilities and fund balances.	\$ 5,746,685	\$ 1,258,382	\$ 664,921

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Street</u>	<u>Reserve for Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 418,994	\$ 1,427,054	\$ 3,760,964	\$ 9,180,044
-	-	-	1,734,368
-	-	75,467	1,510,603
-	-	-	372,416
-	-	-	99,152
-	1,640	-	96,661
-	494,295	-	494,295
247,708	-	39,123	647,694
72,759	-	-	72,759
<u>\$ 739,461</u>	<u>\$ 1,922,989</u>	<u>\$ 3,875,554</u>	<u>\$ 14,207,992</u>
\$ 24,085	\$ -	\$ 8,318	\$ 42,497
24,601	-	14,893	151,687
2,152	-	-	38,578
-	-	-	494,295
20,294	-	11,422	208,950
204,382	1,640	26,533	2,085,758
-	-	70,656	1,388,439
<u>275,514</u>	<u>1,640</u>	<u>131,822</u>	<u>4,410,204</u>
68,706	31,230	433,148	645,055
72,759	-	-	72,759
-	-	6,069	6,069
-	-	-	2,982,277
322,482	-	637,972	1,534,966
-	1,890,119	2,666,543	4,556,662
<u>463,947</u>	<u>1,921,349</u>	<u>3,743,732</u>	<u>9,797,788</u>
<u>\$ 739,461</u>	<u>\$ 1,922,989</u>	<u>\$ 3,875,554</u>	<u>\$ 14,207,992</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2007

Total governmental fund balances		\$ 9,797,788
 <i>Amounts reported for governmental activities in 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.		37,280,952
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Property taxes	\$ 122,164	
Income taxes	969,941	
Charges for services	317,837	
Special assessments	96,661	
Intergovernmental revenues	496,792	
Accrued interest	<u>82,363</u>	
Total		2,085,758
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 \$3,744, are:		2,073,681
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>(291,160)</u>
 Net assets of governmental activities		 <u><u>\$ 50,947,019</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	General	Fire and Rescue	Police
Revenues:			
Municipal income taxes	\$ 5,889,439	\$ -	\$ -
Property and other taxes	848,243	488,403	237,870
Charges for services	175,941	601,039	200
Licenses and permits	88,284	-	-
Fines and forfeitures	4,448	-	32,521
Intergovernmental	1,127,703	84,272	60,193
Special assessments	-	-	-
Investment income	809,029	-	-
Rental income	-	-	-
Payment in lieu of taxes.	-	-	-
Other	3,590	2,486	8,447
Total revenues	8,946,677	1,176,200	339,231
Expenditures:			
Current:			
General government	1,249,680	-	-
Security of persons and property	-	1,432,058	2,382,973
Public health and welfare	6,149	-	-
Transportation.	-	-	-
Community environment	399,009	-	-
Leisure time activity	143,880	-	-
Other	-	-	-
Capital outlay.	-	-	-
Total expenditures	1,798,718	1,432,058	2,382,973
Excess (deficiency) of revenues over (under) expenditures	7,147,959	(255,858)	(2,043,742)
Other financing sources (uses):			
Sale of capital assets.	2,009	3,686	1,537
Transfers in	-	513,400	2,350,000
Transfers out	(6,229,547)	-	-
Total other financing sources (uses)	(6,227,538)	517,086	2,351,537
Net change in fund balances	920,421	261,228	307,795
Fund balances (deficit) at beginning of year	2,126,658	142,006	(89,348)
Decrease in reserve for inventory	-	-	-
Fund balances at end of year.	\$ 3,047,079	\$ 403,234	\$ 218,447

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<u>Street</u>	<u>Reserve for Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 5,889,439
-	-	75,127	1,649,643
-	-	-	777,180
-	-	-	88,284
-	-	1,045	38,014
748,075	22,085	348,232	2,390,560
-	262	80,798	81,060
30,942	-	4,488	844,459
-	-	11,825	11,825
-	-	366,242	366,242
2,979	500	10,015	28,017
<u>781,996</u>	<u>22,847</u>	<u>897,772</u>	<u>12,164,723</u>
-	-	216,122	1,465,802
-	-	179,651	3,994,682
-	-	-	6,149
2,364,806	-	553,905	2,918,711
-	-	147,169	546,178
-	-	-	143,880
-	-	2,475	2,475
-	205,930	1,099,557	1,305,487
<u>2,364,806</u>	<u>205,930</u>	<u>2,198,879</u>	<u>10,383,364</u>
<u>(1,582,810)</u>	<u>(183,083)</u>	<u>(1,301,107)</u>	<u>1,781,359</u>
26,911	-	254,052	288,195
1,500,000	659,336	1,490,000	6,512,736
-	(265,000)	(18,189)	(6,512,736)
<u>1,526,911</u>	<u>394,336</u>	<u>1,725,863</u>	<u>288,195</u>
(55,899)	211,253	424,756	2,069,554
525,127	1,710,096	3,318,976	7,733,515
(5,281)	-	-	(5,281)
<u>\$ 463,947</u>	<u>\$ 1,921,349</u>	<u>\$ 3,743,732</u>	<u>\$ 9,797,788</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007

Net change in fund balances - total governmental funds \$ 2,069,554

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 depreciation exceeded capital outlays in the current period.

Capital asset additions	\$	1,588,850	
Current year depreciation		(1,776,629)	
Total			(187,779)

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

Capital contributions		604,170	
Disposals, net		(115,416)	
Total			488,754

Governmental funds report expenditures for inventory when purchased. However in the statement of activities, they are reported as an expense when consumed. (5,281)

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

Income taxes		416,756	
Delinquent property taxes		(31,815)	
Charges for services		108,743	
Intergovernmental		385	
Special assessments		79,052	
Interest		(3,581)	
Total			569,540

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. (17,839)

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. (61,273)

Change in net assets of governmental activities \$ 2,855,676

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Municipal income taxes	\$ 5,916,033	\$ 5,916,033	\$ 5,810,942	\$ (105,091)
Property and other taxes	863,584	863,584	848,243	(15,341)
Charges for services	180,748	180,748	177,537	(3,211)
Licenses and permits.	89,881	89,881	88,284	(1,597)
Fines and forfeitures.	4,528	4,528	4,448	(80)
Intergovernmental	1,142,011	1,142,011	1,121,724	(20,287)
Investment income	518,240	518,240	509,034	(9,206)
Other	3,553	3,553	3,490	(63)
Total revenues.	<u>8,718,578</u>	<u>8,718,578</u>	<u>8,563,702</u>	<u>(154,876)</u>
Expenditures:				
Current:				
General government	1,263,883	1,495,508	1,310,332	185,176
Public health and welfare.	7,310	8,650	6,308	2,342
Community environment	402,354	476,091	430,834	45,257
Leisure time activity	156,071	184,673	146,461	38,212
Utility services	33,805	40,000	-	40,000
Total expenditures	<u>1,863,423</u>	<u>2,204,922</u>	<u>1,893,935</u>	<u>310,987</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,855,155</u>	<u>6,513,656</u>	<u>6,669,767</u>	<u>156,111</u>
Other financing sources (uses):				
Sale of capital assets	2,009	2,009	2,009	-
Transfers out	(6,088,400)	(6,088,400)	(6,088,400)	-
Advances in.	70,000	70,000	70,000	-
Advances out	(300,000)	(300,000)	-	300,000
Total other financing sources (uses).	<u>(6,316,391)</u>	<u>(6,316,391)</u>	<u>(6,016,391)</u>	<u>300,000</u>
Net change in fund balance	538,764	197,265	653,376	456,111
Fund balance at beginning of year	1,688,521	1,688,521	1,688,521	-
Prior year encumbrances appropriated	60,580	60,580	60,580	-
Fund balance at end of year.	<u>\$ 2,287,865</u>	<u>\$ 1,946,366</u>	<u>\$ 2,402,477</u>	<u>\$ 456,111</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FIRE AND RESCUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property and other taxes	\$ 446,018	\$ 446,018	\$ 488,403	\$ 42,385
Charges for services	542,778	542,778	594,359	51,581
Intergovernmental	76,959	76,959	84,272	7,313
Other.	2,270	2,270	2,486	216
Total revenues.	<u>1,068,025</u>	<u>1,068,025</u>	<u>1,169,520</u>	<u>101,495</u>
Expenditures:				
Current:				
Security of persons and property.	1,489,867	1,489,867	1,445,225	44,642
Total expenditures	<u>1,489,867</u>	<u>1,489,867</u>	<u>1,445,225</u>	<u>44,642</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(421,842)</u>	<u>(421,842)</u>	<u>(275,705)</u>	<u>146,137</u>
Other financing sources:				
Sale of capital assets	3,686	3,686	3,686	-
Transfers in	513,400	513,400	513,400	-
Total other financing sources.	<u>517,086</u>	<u>517,086</u>	<u>517,086</u>	<u>-</u>
Net change in fund balance	95,244	95,244	241,381	146,137
Fund balance at beginning of year	147,462	147,462	147,462	-
Prior year encumbrances appropriated	<u>22,417</u>	<u>22,417</u>	<u>22,417</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 265,123</u>	<u>\$ 265,123</u>	<u>\$ 411,260</u>	<u>\$ 146,137</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 227,469	\$ 227,469	\$ 237,870	\$ 10,401
Charges for services	191	191	200	9
Fines and forfeitures	29,293	29,293	30,632	1,339
Intergovernmental	56,356	56,356	58,933	2,577
Other	8,077	8,077	8,447	370
Total revenues.	<u>321,386</u>	<u>321,386</u>	<u>336,082</u>	<u>14,696</u>
Expenditures:				
Current:				
Security of persons and property	2,684,158	2,724,158	2,412,518	311,640
Total expenditures	<u>2,684,158</u>	<u>2,724,158</u>	<u>2,412,518</u>	<u>311,640</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,362,772)</u>	<u>(2,402,772)</u>	<u>(2,076,436)</u>	<u>326,336</u>
Other financing sources:				
Sale of capital assets	1,537	1,537	1,537	-
Transfers in.	2,350,000	2,350,000	2,350,000	-
Total other financing sources.	<u>2,351,537</u>	<u>2,351,537</u>	<u>2,351,537</u>	<u>-</u>
Net change in fund balance	(11,235)	(51,235)	275,101	326,336
Fund balance at beginning of year	63,153	63,153	63,153	-
Prior year encumbrances appropriated	<u>27,433</u>	<u>27,433</u>	<u>27,433</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 79,351</u>	<u>\$ 39,351</u>	<u>\$ 365,687</u>	<u>\$ 326,336</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 639,536	\$ 639,536	\$ 745,296	\$ 105,760
Investment income	24,677	24,677	30,942	6,265
Other	2,376	2,376	2,979	603
Total revenues.	<u>666,589</u>	<u>666,589</u>	<u>779,217</u>	<u>112,628</u>
Expenditures:				
Current:				
Transportation	2,375,234	2,502,234	2,435,667	66,567
Total expenditures	<u>2,375,234</u>	<u>2,502,234</u>	<u>2,435,667</u>	<u>66,567</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,708,645)</u>	<u>(1,835,645)</u>	<u>(1,656,450)</u>	<u>179,195</u>
Other financing sources:				
Sale of capital assets	26,911	26,911	26,911	-
Transfers in	1,500,000	1,500,000	1,500,000	-
Total other financing sources	<u>1,526,911</u>	<u>1,526,911</u>	<u>1,526,911</u>	<u>-</u>
Net change in fund balance	(181,734)	(308,734)	(129,539)	179,195
Fund balance at beginning of year	332,308	332,308	332,308	-
Prior year encumbrances appropriated	<u>123,434</u>	<u>123,434</u>	<u>123,434</u>	<u>-</u>
Fund balance at end of year.	<u>\$ 274,008</u>	<u>\$ 147,008</u>	<u>\$ 326,203</u>	<u>\$ 179,195</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007

	<u>Business-type Activities-Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
Assets:					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 1,996,047	\$ 1,663,647	\$ 587,665	\$ 4,247,359	\$ 534,684
Receivables (net of allowance for uncollectibles):					
Accounts	183,184	187,549	-	370,733	3,388
Special assessments	651	651	-	1,302	-
Due from other governments	-	-	-	-	2,607
Prepayments	-	-	-	-	48,548
Materials and supplies inventory	181,474	66,296	-	247,770	24,300
Total current assets	<u>2,361,356</u>	<u>1,918,143</u>	<u>587,665</u>	<u>4,867,164</u>	<u>613,527</u>
Noncurrent assets:					
Capital assets:					
Land and construction in progress	32,736	53,006	-	85,742	130,849
Depreciable capital assets, net	9,829,200	9,089,612	5,677	18,924,489	1,406,368
Total capital assets	<u>9,861,936</u>	<u>9,142,618</u>	<u>5,677</u>	<u>19,010,231</u>	<u>1,537,217</u>
Total assets	<u>12,223,292</u>	<u>11,060,761</u>	<u>593,342</u>	<u>23,877,395</u>	<u>2,150,744</u>
Liabilities:					
Current liabilities:					
Accounts payable	3,018	7,350	-	10,368	25,706
Contracts payable	38,690	-	-	38,690	-
Accrued wages and benefits	11,539	12,599	-	24,138	6,979
Compensated absences	63,825	62,070	-	125,895	42,876
Due to other governments	7,896	9,481	-	17,377	5,246
Current portion of OPWC loans	-	69,090	-	69,090	-
Total current liabilities	<u>124,968</u>	<u>160,590</u>	<u>-</u>	<u>285,558</u>	<u>80,807</u>
Long-term liabilities:					
OPWC loans	-	74,261	-	74,261	-
Compensated absences	10,838	17,155	-	27,993	-
Total long-term liabilities	<u>10,838</u>	<u>91,416</u>	<u>-</u>	<u>102,254</u>	<u>-</u>
Total liabilities	<u>135,806</u>	<u>252,006</u>	<u>-</u>	<u>387,812</u>	<u>80,807</u>
Net assets:					
Invested in capital assets, net of related debt	9,861,936	8,999,267	5,677	18,866,880	1,537,217
Unrestricted	2,225,550	1,809,488	587,665	4,622,703	532,720
Total net assets	<u>\$ 12,087,486</u>	<u>\$ 10,808,755</u>	<u>\$ 593,342</u>	23,489,583	<u>\$ 2,069,937</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				(3,744)	
Net assets of business-type activities				<u>\$ 23,485,839</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
Operating revenues:					
Charges for services	\$ 1,250,635	\$ 1,211,174	\$ 751,820	\$ 3,213,629	\$ 1,267,250
Tap-in fees	20,250	31,400	-	51,650	-
Other	<u>1,912</u>	<u>17,824</u>	<u>-</u>	<u>19,736</u>	<u>36,109</u>
Total operating revenues	<u>1,272,797</u>	<u>1,260,398</u>	<u>751,820</u>	<u>3,285,015</u>	<u>1,303,359</u>
Operating expenses:					
Personal services	332,887	410,128	-	743,015	755,365
Contract services	415,440	362,062	749,987	1,527,489	223,184
Materials and supplies	316,098	47,683	65,000	428,781	295,842
Depreciation	381,316	382,556	1,709	765,581	83,623
Other	<u>36,572</u>	<u>-</u>	<u>3,084</u>	<u>39,656</u>	<u>-</u>
Total operating expenses	<u>1,482,313</u>	<u>1,202,429</u>	<u>819,780</u>	<u>3,504,522</u>	<u>1,358,014</u>
Operating income (loss)	<u>(209,516)</u>	<u>57,969</u>	<u>(67,960)</u>	<u>(219,507)</u>	<u>(54,655)</u>
Nonoperating revenues (expenses):					
Interest revenue	70,079	31,956	-	102,035	-
Loss on disposal of capital assets	<u>(82,103)</u>	<u>(6,470)</u>	<u>-</u>	<u>(88,573)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(12,024)</u>	<u>25,486</u>	<u>-</u>	<u>13,462</u>	<u>-</u>
Income (loss) before contributions	(221,540)	83,455	(67,960)	(206,045)	(54,655)
Capital contributions	<u>55,467</u>	<u>35,604</u>	<u>-</u>	<u>91,071</u>	<u>-</u>
Changes in net assets	(166,073)	119,059	(67,960)	(114,974)	(54,655)
Net assets at beginning of year (restated)	<u>12,253,559</u>	<u>10,689,696</u>	<u>661,302</u>		<u>2,124,592</u>
Net assets at end of year	<u>\$ 12,087,486</u>	<u>\$ 10,808,755</u>	<u>\$ 593,342</u>		<u>\$ 2,069,937</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds				<u>6,618</u>	
Changes in net assets of business-type activities				<u>\$ (108,356)</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
Cash flows from operating activities:					
Cash received from customers	\$ 1,250,600	\$ 1,209,799	\$ 751,820	\$ 3,212,219	\$ 1,265,436
Cash received from tap-in fees	20,250	31,400	-	51,650	-
Cash received from other operations	1,912	17,824	-	19,736	36,109
Cash payments for personal services	(309,376)	(382,962)	-	(692,338)	(746,021)
Cash payments for contract services	(419,535)	(365,718)	(750,182)	(1,535,435)	(223,978)
Cash payments for materials and supplies	(323,960)	(129,601)	(65,000)	(518,561)	(276,374)
Cash payments for other expenses	(36,572)	-	(3,084)	(39,656)	-
Net cash provided by (used in) operating activities	<u>183,319</u>	<u>380,742</u>	<u>(66,446)</u>	<u>497,615</u>	<u>55,172</u>
Cash flows from noncapital financing activities:					
Cash received from grants and subsidies	-	67,166	-	67,166	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>67,166</u>	<u>-</u>	<u>67,166</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Sale of capital assets	52	4,295	-	4,347	-
Acquisition of capital assets	(464,530)	(256,375)	-	(720,905)	(23,839)
Principal retirement on loans	-	(63,920)	-	(63,920)	-
Proceeds from loans	-	31,021	-	31,021	-
Net cash used in capital and related financing activities	<u>(464,478)</u>	<u>(284,979)</u>	<u>-</u>	<u>(749,457)</u>	<u>(23,839)</u>
Cash flows from investing activities:					
Interest received	70,079	31,956	-	102,035	-
Net cash provided by investing activities	<u>70,079</u>	<u>31,956</u>	<u>-</u>	<u>102,035</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(211,080)	194,885	(66,446)	(82,641)	31,333
Cash and cash equivalents at beginning of year	<u>2,207,127</u>	<u>1,468,762</u>	<u>654,111</u>	<u>4,330,000</u>	<u>503,351</u>
Cash and cash equivalents at end 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>

- - continued

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (209,516)	\$ 57,969	\$ (67,960)	\$ (219,507)	\$ (54,655)
Adjustments:					
Depreciation	381,316	382,556	1,709	765,581	83,623
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable.	616	(724)	-	(108)	(2,460)
(Increase) decrease in materials and supplies inventory	(8,786)	(5,304)	-	(14,090)	2,514
Increase in special assessments.	(651)	(651)	-	(1,302)	-
(Increase) in prepayments	-	-	-	-	(1,950)
Decrease in due from other governments.	-	-	-	-	646
Increase (decrease) in accounts payable.	(3,045)	(4,429)	(195)	(7,669)	17,887
(Decrease) in contracts payable.	-	(75,841)	-	(75,841)	-
Increase in accrued wages and benefits.	2,657	708	-	3,365	711
Increase in due to other governments	414	198	-	612	269
Increase in compensated absences payable.	20,314	26,260	-	46,574	8,587
Net cash provided by (used in) operating activities.	<u>\$ 183,319</u>	<u>\$ 380,742</u>	<u>\$ (66,446)</u>	<u>\$ 497,615</u>	<u>\$ 55,172</u>

Non-cash transactions:

The water and sewer funds received \$55,467 and \$35,604, respectively, in capital contributions.

During 2007, the water funds purchased capital assets on account of \$38,690. During 2006, the sewer fund had purchased capital assets on account of \$3,473.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
DECEMBER 31, 2007

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 35,081
Total assets.	<u>\$ 35,081</u>
Liabilities:	
Due to other governments	\$ 9
Undistributed monies	35,072
Total liabilities	<u>\$ 35,081</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007**

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 police protection, street maintenance and repair, parks, recreation, water, sewer and refuse services. Council and the City Manager are directly responsible for these activities.

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.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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.

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.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

Reserve for Capital Improvement - The reserve for capital improvement fund accounts for improvement projects including the bike path, parks and highway improvements.

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; (b) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds; and (c) 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 with 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.

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.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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.

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 fiscal year. For the City, available means expected to be received within thirty-one days of year-end.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

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

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, 2007, but which were levied to finance year 2008 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, 2007, 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.

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.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

Tax Budget - During the first Council meeting in July, the City Manager presents the following fiscal 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 2007.

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 2007.

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.

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 Cash Equivalents" on the financial statements.

During 2007, investments were limited to federal agency securities which are stated at fair value.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2007 amounted to \$809,029. The \$809,029 included \$653,989 assigned from other funds of the City.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. The City records prepayments in the Internal Service fund type and uses the consumption method.

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 bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems, 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:

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

<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	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.

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.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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.

N. Interfund Activity

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

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

O. Fund Balance 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, debt service, 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.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

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

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, Northmont 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 2007.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustment

A prior period adjustment is required to restate the long-term obligations reported in the sewer enterprise fund at December 31, 2007 for Ohio Public Works Commission (OPWC) loans that were recorded in the previous year that were OPWC grants and to reduce the intergovernmental receivable recorded at December 31, 2007 related to the OPWC grant. A prior period adjustment is also required to restate capital assets reported in the governmental activities at December 31, 2007 for an omission in the previous year.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

The prior period adjustments had the following effect on the City's enterprise net assets as previously reported.

	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>
Net assets as previously reported	\$ 12,253,559	\$ 10,666,854	\$ 661,302
Prior period adjustment intergovernmental receivable	-	(30,317)	-
Prior period adjustment OPWC loan	<u>-</u>	<u>53,159</u>	<u>-</u>
Restated net assets at January 1, 2007	<u>\$ 12,253,559</u>	<u>\$ 10,689,696</u>	<u>\$ 661,302</u>

The prior period adjustments had the following effect on the City's governmental and business-type activities net assets as previously reported:

	<u>Governmental Activities</u>	<u>Busines-Type Activities</u>
Net assets as previously reported	\$ 47,584,086	\$ 23,571,353
Adjustment for intergovernmental receivable	-	(30,317)
Adjustment for capital assets	507,257	-
Adjustment for OPWC loan	<u>-</u>	<u>53,159</u>
Restated net assets at January 1, 2007	<u>\$ 48,091,343</u>	<u>\$ 23,594,195</u>

B. Change in Accounting Principles

For 2007, the City has implemented GASB Statement No. 48 "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues". GASB Statement No. 48 established criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 had no effect on the financial statements of the City.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash on hand

At year-end, the City had \$800 in undeposited cash on hand which is included on the financial statements of the City as part of "Equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At December 31, 2007, the carrying amount of all City deposits was \$2,860,373. As of December 31, 2007, \$2,994,709 of the City's bank balance of \$3,194,708 was exposed to custodial risk as discussed below, while \$200,000 was covered by 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.

C. Investments

As of December 31, 2007, the City had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FHLB	\$ 7,539,225	\$ -	\$ -	\$ -	\$ -	\$ 7,539,225
FHLMC	3,221,886	-	-	-	1,002,500	2,219,386
FFCB	374,884	-	-	-	-	374,884
Total	<u>\$ 11,135,995</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,002,500</u>	<u>\$ 10,133,495</u>

The weighted average maturity of investments is 3.73 years.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 carry a rating of AAA by Standard & Poor's and Aaa by Moody's.

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 treasurer 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, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 7,539,225	67.70
FHLMC	3,221,886	28.93
FFCB	374,884	3.37
Total	<u>\$ 11,135,995</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2007:

<u>Cash and investments per footnote</u>	
Carrying amount of deposits	\$ 2,860,373
Investments	11,135,995
Cash on hand	<u>800</u>
Total	<u>\$ 13,997,168</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 9,714,728
Business type activities	4,247,359
Agency funds	<u>35,081</u>
Total	<u>\$ 13,997,168</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2007, consisted of the following, as reported in the fund financial statements:

<u>Transfers to</u>	<u>Transfers From</u>			<u>Total</u>
	<u>General</u>	<u>Reserve for Capital Improvement</u>	<u>Nonmajor Capital Projects</u>	
Street	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Fire and Rescue	513,400	-	-	513,400
Police	2,350,000	-	-	2,350,000
Reserve for Capital Improvements	641,147	-	18,189	659,336
Nonmajor Special Revenue	450,000	-	-	450,000
Nonmajor Capital Projects	<u>775,000</u>	<u>265,000</u>	<u>-</u>	<u>1,040,000</u>
Total	<u>\$ 6,229,547</u>	<u>\$ 265,000</u>	<u>\$ 18,189</u>	<u>\$ 6,512,736</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.

Transfers between the general fund and reserve for capital improvement fund in the amount of \$147,147 were reported on GAAP-basis to reflect the amount of income taxes receivable that are due to the reserve for capital improvement fund.

Transfers between the reserve for capital improvements fund to other nonmajor capital projects funds totaled \$265,000 to provide financing for various capital projects undertaken by the City. The transfer between the nonmajor capital projects fund to the reserve for capital improvements fund of \$18,189 represented the closing of a fund and returning the unexpended balance to the reserve for other future capital improvements fund.

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

NOTE 6 - PROPERTY TAXES

Property taxes include amounts levied against all real, 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 revalued every six years. The last revaluation was completed in 2002. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State Statute permits later payment dates to be established.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 6 - PROPERTY TAXES - (Continued)

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 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 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 12.5% for 2007. This percentage will be reduced to 6.25% for 2008 and 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 2007-2010, 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. The full tax rate for all City operations for the year ended December 31, 2007 was \$10.59 per \$1,000 of assessed value.

The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real property tax	\$ 265,542,900
Public utility tangible personal property	4,792,780
Tangible personal property	<u>8,730,399</u>
Total assessed valuation	<u>\$ 279,066,079</u>

Property taxes receivables represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2007. Although total property tax collections for the next year are measurable, they are generally not collected during the available period.

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.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 7 - LOCAL INCOME TAX - (Continued)

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 2007 was \$5,889,439 as reported in the fund financial statements.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2007, 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, 2007, as well as intended to finance fiscal 2007 operations.

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

Governmental Activities:

Income taxes	\$ 1,734,368
Real and other taxes	1,510,603
Accounts	375,804
Accrued interest	99,152
Special assessments	96,661
Due from other governments	650,301

Business-type Activities:

Accounts	370,733
Special assessments	1,302

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
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 9 - CAPITAL ASSETS

- A. Capital assets of the governmental activities have been restated at the beginning of the year due to an omission in the prior year. Capital asset activity for the governmental activities for the year ended December 31, 2007, was as follows:

	Balance <u>12/31/2006</u>	<u>Restatement</u>	Restated Balance <u>12/31/06</u>
Governmental Activities			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 4,583,669	\$ -	\$ 4,583,669
Construction in progress	<u>1,087,784</u>	<u>-</u>	<u>1,087,784</u>
Total capital assets, not being depreciated	<u>5,671,453</u>	<u>-</u>	<u>5,671,453</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	2,899,067	-	2,899,067
Buildings and improvements	9,496,752	-	9,496,752
Furniture and equipment	3,066,145	523,245	3,589,390
Vehicles	2,691,160	-	2,691,160
Infrastructure	<u>28,551,052</u>	<u>-</u>	<u>28,551,052</u>
Total capital assets, being depreciated	<u>46,704,176</u>	<u>523,245</u>	<u>47,227,421</u>
<i>Less: accumulated depreciation</i>			
Land improvements	(1,195,859)	-	(1,195,859)
Buildings	(1,937,447)	-	(1,937,447)
Furniture and equipment	(1,249,910)	(15,988)	(1,265,898)
Vehicles	(2,027,185)	-	(2,027,185)
Infrastructure	<u>(7,895,507)</u>	<u>-</u>	<u>(7,895,507)</u>
Total accumulated depreciation	<u>(14,305,908)</u>	<u>(15,988)</u>	<u>(14,321,896)</u>
Total capital assets, being depreciated	<u>32,398,268</u>	<u>507,257</u>	<u>32,905,525</u>
Governmental activities capital assets, net	<u>\$ 38,069,721</u>	<u>\$ 507,257</u>	<u>\$ 38,576,978</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 9 - CAPITAL ASSETS - (Continued)

	Restated Balance <u>12/31/06</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>12/31/07</u>
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 4,583,669	\$ 217,234	\$ (95,154)	\$ 4,705,749
Construction in progress	<u>1,087,784</u>	<u>307,223</u>	<u>(1,175,344)</u>	<u>219,663</u>
Total capital assets, not being depreciated	<u>5,671,453</u>	<u>524,457</u>	<u>(1,270,498)</u>	<u>4,925,412</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,899,067	39,452	-	2,938,519
Buildings and improvements	9,496,752	-	-	9,496,752
Furniture and equipment	3,589,390	155,328	(202,636)	3,542,082
Vehicles	2,691,160	426,167	(257,187)	2,860,140
Infrastructure	<u>28,551,052</u>	<u>2,246,799</u>	<u>-</u>	<u>30,797,851</u>
Total capital assets, being depreciated	<u>47,227,421</u>	<u>2,867,746</u>	<u>(459,823)</u>	<u>49,635,344</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,195,859)	(126,890)	-	(1,322,749)
Buildings	(1,937,447)	(211,705)	-	(2,149,152)
Furniture and equipment	(1,265,898)	(261,278)	192,974	(1,334,202)
Vehicles	(2,027,185)	(173,271)	246,587	(1,953,869)
Infrastructure	<u>(7,895,507)</u>	<u>(1,087,108)</u>	<u>-</u>	<u>(8,982,615)</u>
Total accumulated depreciation	<u>(14,321,896)</u>	<u>(1,860,252)</u>	<u>439,561</u>	<u>(15,742,587)</u>
Total capital assets, being depreciated	<u>32,905,525</u>	<u>1,007,494</u>	<u>(20,262)</u>	<u>33,892,757</u>
Governmental activities capital assets, net	<u>\$ 38,576,978</u>	<u>\$ 1,531,951</u>	<u>\$ (1,290,760)</u>	<u>\$ 38,818,169</u>

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

Governmental activities:

General government	\$ 166,575
Security of persons and property	215,232
Public health and welfare	10,186
Transportation	1,244,009
Community environment	7,422
Leisure time activity	133,205

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

83,623

Total depreciation expense - governmental activities

\$ 1,860,252

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 9 - CAPITAL ASSETS - (Continued)

- B.** Capital asset activity for the business-type activities for the year ended December 31, 2007 was as follows:

	Balance			Balance
<u>Business-type Activities:</u>	<u>12/31/06</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/07</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 33,510	\$ -	\$ -	\$ 33,510
Construction in progress	<u>366,670</u>	<u>113,240</u>	<u>(427,678)</u>	<u>52,232</u>
Total capital assets, not being depreciated	<u>400,180</u>	<u>113,240</u>	<u>(427,678)</u>	<u>85,742</u>
<i>Capital assets, being depreciated:</i>				
Improvements other than buildings	-	427,678	-	427,678
Buildings and improvements	7,292,624	22,186	-	7,314,810
Equipment	2,739,187	125,726	(17,300)	2,847,613
Vehicles	66,385	-	-	66,385
Infrastructure	<u>21,734,193</u>	<u>586,041</u>	<u>(200,475)</u>	<u>22,119,759</u>
Total capital assets, being depreciated	<u>31,832,389</u>	<u>1,161,631</u>	<u>(217,775)</u>	<u>32,776,245</u>
<i>Less: accumulated depreciation:</i>				
Improvements other than buildings	-	(16,038)	-	(16,038)
Buildings and improvements	(3,102,905)	(142,254)	-	(3,245,159)
Equipment	(929,731)	(130,224)	6,535	(1,053,420)
Vehicles	(62,983)	(2,299)	-	(65,282)
Infrastructure	<u>(9,115,411)</u>	<u>(474,766)</u>	<u>118,320</u>	<u>(9,471,857)</u>
Total accumulated depreciation	<u>(13,211,030)</u>	<u>(765,581)</u>	<u>124,855</u>	<u>(13,851,756)</u>
Total capital assets, being depreciated, net	<u>18,621,359</u>	<u>396,050</u>	<u>(92,920)</u>	<u>18,924,489</u>
Business-type activities capital assets, net	<u>\$ 19,021,539</u>	<u>\$ 509,290</u>	<u>\$ (520,598)</u>	<u>\$ 19,010,231</u>

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

Business-type activities:

Water	\$ 381,316
Sewer	382,556
Solid Waste Management	<u>1,709</u>
Total depreciation expense - business-type activities	<u>\$ 765,581</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 10 - 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 \$249,433 at December 31, 2007. 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 \$271,119 at December 31, 2007. 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 \$5,950 at December 31, 2007. Amounts are recorded as a fund liability and/or on the government-wide financial statements as applicable.

NOTE 11 - LONG-TERM OBLIGATIONS

Long-term obligations of the business-type activities have been restated at the beginning of the year to properly state the balance of OPWC loans that were outstanding at December 31, 2006. The changes in the City's long-term obligations during the year consist of the following:

	Balance			Balance	Amounts
	12/31/06	Additions	Reductions	12/31/07	Due in
<u>Governmental Activities:</u>					<u>One Year</u>
<u>Other long-term obligations:</u>					
Compensated absences	\$ 340,680	\$ 224,109	\$ (192,175)	\$ 372,614	\$ 241,710
Total governmental activities					
long-term obligations	<u>\$ 340,680</u>	<u>\$ 224,109</u>	<u>\$ (192,175)</u>	<u>\$ 372,614</u>	<u>\$ 241,710</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 11 - 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 and Earl Heck community center fund (a nonmajor governmental fund).

	Balance		Restated Balance			Balance	Amounts Due in
<u>Business-type Activities:</u>	<u>12/31/06</u>	<u>Restatement</u>	<u>12/31/06</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/07</u>	<u>One Year</u>
<u>Other long-term obligations</u>							
Compensated absences	\$ 107,314	\$ -	\$ 107,314	\$ 86,705	\$ (40,131)	\$ 153,888	\$ 125,895
Total other long-term obligations	<u>107,314</u>	<u>-</u>	<u>107,314</u>	<u>86,705</u>	<u>(40,131)</u>	<u>153,888</u>	<u>125,895</u>
<u>OPWC Loans</u>							
0% - Sanitary sewer rehab	53,159	(53,159)	-	31,021	(5,170)	25,851	10,340
0% - Waste water treatment	<u>176,250</u>	<u>-</u>	<u>176,250</u>	<u>-</u>	<u>(58,750)</u>	<u>117,500</u>	<u>58,750</u>
Total OPWC Loans	<u>229,409</u>	<u>(53,159)</u>	<u>176,250</u>	<u>31,021</u>	<u>(63,920)</u>	<u>143,351</u>	<u>69,090</u>
Total business-type activities long-term obligations	<u>\$ 336,723</u>	<u>\$ (53,159)</u>	<u>\$ 283,564</u>	<u>\$ 117,726</u>	<u>\$ (104,051)</u>	<u>\$ 297,239</u>	<u>\$ 194,985</u>

During 2006 and 2007, 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 is due semi-annually at an interest rate of 0%.

As of December 31, 2007, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$28,252,398 and the unvoted debt margin was \$14,795,696. Principal and interest requirements to retire the City's bonds and loans outstanding at December 31, 2007 were:

	<u>OPWC Loans</u>		
<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 69,090	\$ -	\$ 69,090
2009	69,090	-	69,090
2010	<u>5,171</u>	<u>-</u>	<u>5,171</u>
Total	<u>\$ 143,351</u>	<u>\$ -</u>	<u>\$ 143,351</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 12 - INTERFUND ASSETS/LIABILITIES

Individual fund interfund asset and liability balances at December 31, 2007, were as follows:

Due to/from other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Reserve for Capital Improvement	General	\$ 494,295

Income taxes are collected in the general fund. Due to/from other funds is recorded for the amounts attributed to the reserve for capital improvement capital projects fund.

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

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 nineteen 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	
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.	

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 13 - RISK MANAGEMENT - (Continued)

Type of Coverage

Property (effective 7/1/07):

\$1,000,000,000/occurrence

MVRMA SIR: \$200,000/occurrence

Coverage excess SIR provided by PEPiP USA with carriers as follows:

Lexington Insurance Company (Primary \$25 million)

Layers excess of \$25 million is composed of the following carriers:

AXIS Specialty Insurance Corp.

C.N.A./Continental Casualty Insurance Co.

Commonwealth Insurance Company

Essex Insurance

Global Excess - Lloyds of London

GMAC Re

Great American Insurance Co.

Lancashire Re

Lloyds of London

Munich Re/Great Lakes

One Beacon/Homeland Insurance Co.

Traveler's Insurance Co.

XL America

Zurich/Steadfast Insurance

Flood (included in property policy effective 7/1/07):

\$25 million/occurrence and annual aggregate (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 (included in property policy effective 7/1/07)

\$25 million/occurrence and annual aggregate

MVRMA SIR: \$100,000 occurrence

Boiler & Machinery (included in PEPiP Program effective 7/1/07)

\$100,000,000/occurrence

MVRMA SIR: \$5,000/occurrence

Coverage excess SIR provided:

Lexington Insurance Company - 100% of \$25 million Primary

CNA Insurance Company - 50% of \$75 million Excess of \$25 million

Foreign Excess Insurance Companies - 50% of \$75 million Excess of \$25 million

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.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 13 - RISK MANAGEMENT - (Continued)

The City has elected to offer employee medical insurance benefits through a plan provided by United Healthcare. Employees are required to share in the costs of their medical plan along with the City. Each month the City contributes \$304.86 for single coverage and \$903.44 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.

NOTE 14 - PENSION PLANS

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report 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.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement under the Traditional Pension Plan, were required to contribute 9.5% of their annual covered salaries. Members participating in the Traditional Pension Plan that were in law enforcement contributed 10.1% of their annual covered salary. The City's contribution rate for pension benefits for 2007 was 8.85% for the period January 1, 2007 through June 30, 2007 and 7.85% for the period July 1, 2007 through December 31, 2007, except for those plan members in law enforcement and public safety. For those classifications, the City's pension contributions were 12.17% of covered payroll for the period January 1, 2007 through June 30, 2007 and 11.17% of covered payroll for the period July 1, 2007 through December 31, 2007. The Ohio Revised Code provides statutory authority for member and employer contributions. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2007, 2006, and 2005 were \$199,575, \$225,659, and \$300,260, respectively; 87.89% has been contributed for 2007 and 100% has been contributed for 2006 and 2005.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 14 - PENSION PLANS - (Continued)

B. Ohio Police and Fire Pension Fund

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.

Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.5% and 24.0% for police officers and firefighters, respectively. 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 \$147,956 and \$70,779 for the year ended December 31, 2007, \$155,585 and \$49,268 for the year ended December 31, 2006, and \$165,359 and \$52,363 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 70.60% for police officers and firefighters has been contributed for 2007 with the remainder being reported as a liability in the respective funds.

NOTE 15 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-employment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the Traditional Pension or Combined Plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the Member-Directed Plan do not qualify for post-employment health care coverage. The health care coverage provided by OPERS is considered an Other Post-employment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Post-employment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the Traditional Pension or Combined Plans is set aside for the funding of post-employment health care based on authority granted by State Statute. The 2007 local government employer contribution rate was 13.85% of covered payroll (17.17% for public safety and law enforcement); 5.00% of covered payroll was the portion that was used to fund health care for the period January 1, 2007 through June 30, 2007 and 6.00% of covered payroll was the portion that was used to fund health care for the period July 1, 2007 through December 31, 2007.

Benefits are advance-funded using the entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.30% based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate (4.00%) plus an additional factor ranging from .50% to 5.00% for the next eight years. In subsequent years, (nine and beyond) health care costs were assumed to increase at 4.00%.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The number of active contributing participants in the Traditional Pension and Combined Plans was 374,979 as of December 31, 2007. The City's actual employer contributions for 2007 which were used to fund post-employment benefits were \$133,612. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006 (the latest information available) were \$12.0 billion. At December 31, 2006 (the latest information available), the actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

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

The Ohio Police and Fire Pension Fund (OP&F) provides 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. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by OP&F is considered an Other Post-employment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Post-employment Benefits other than Pension Benefits by State and Local Government Employers". The Ohio Revised Code provides the authority allowing the OP&F's Board of Trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 6.75% of covered payroll was applied to the post-employment health care program during 2007. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2007 that were used to fund post-employment benefits were \$78,277 for police officers and \$27,662 for firefighters. The OP&F's total health care expense for the year ended December 31, 2006 (the latest information available) was \$120.374 million, which was net of member contributions of \$58.533 million. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006 (the latest information available), was 14,120 for police officers and 10,563 for firefighters.

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:

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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).
4. Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

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			
	General	Fire and Rescue	Police	Street
Budget basis	\$ 653,376	\$ 241,381	\$ 275,101	\$ (129,539)
Net adjustment for revenue accruals	382,975	6,680	3,149	2,779
Net adjustment for expenditure accruals	1,558	(8,318)	(3,806)	(21,930)
Net adjustment for other sources/uses	(211,147)	-	-	-
Adjustment for encumbrances	93,659	21,485	33,351	92,791
GAAP basis	\$ 920,421	\$ 261,228	\$ 307,795	\$ (55,899)

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, 2007.

B. Litigation

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

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

NOTE 18 - CONTRACTUAL COMMITMENTS

As of December 31, 2007, the City had the following contractual commitments outstanding:

<u>Vendor</u>	<u>Remaining Commitment 12/31/2007</u>
Doll Layman	\$ 519,000
Detroit Salt	60,708
Mass Installation, Inc.	112,480
Path Master, Inc.	48,920
Rawdon Myers, Inc.	86,400
International Truck and Engine	53,874
Utility Sales Agency, LLC.	13,438
Horton Emergency Vehicles	128,850
Steinke Tractor Sales, Inc.	<u>42,361</u>
Total	<u>\$ 1,066,031</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, 2007, which collectively comprise the City of Englewood's basic financial statements and have issued our report thereon dated June 4, 2008. 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.

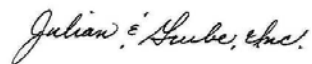
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be 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.
June 4, 2008



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
AUGUST 5, 2008**