

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

BASIC FINANCIAL STATEMENTS
(AUDITED)

FOR THE YEAR ENDED
DECEMBER 31, 2013

JANINE COOPER, FINANCE DIRECTOR



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Englewood, Montgomery County, prepared by Julian & Grube, Inc., for the audit period January 1, 2013 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

June 12, 2014

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

TABLE OF CONTENTS

Independent Auditor’s Report	1 - 2
Management’s Discussion and Analysis	3 - 18
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	19
Statement of Activities	20 - 21
Fund Financial Statements:	
Balance Sheet - Governmental Funds	22 - 23
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	24
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	25 - 26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	28
Fire and Rescue Fund	29
Police Fund.....	30
Street Fund	31
Statement of Net Position - Proprietary Funds	32
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	33
Statement of Cash Flows - Proprietary Funds	34 - 35
Statement of Fiduciary Assets and Liabilities - Fiduciary Fund	36
Notes to the Basic Financial Statements	37 - 71
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	72 - 73



Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

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

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Englewood, Montgomery County, Ohio, as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise the City of Englewood's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Englewood, Montgomery County, Ohio, as of December 31, 2013, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, Fire and Rescue Fund, Police Fund, and Street Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2014, on our consideration of the City of Englewood's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Englewood's internal control over financial reporting and compliance.



Julian & Grube, Inc.
May 23, 2014

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013. 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 2013 are as follows:

- The total net position of the City increased \$162,006. Net position of governmental activities increased \$145,820 or 0.28% from 2012 and net position of business-type activities increased \$16,186 or 0.07% from 2012.
- General revenues accounted for \$9,511,249 or 78.68% of total governmental activities revenue. Program specific revenues accounted for \$2,577,317 or 21.32% of total governmental activities revenue.
- The City had \$11,942,746 in expenses related to governmental activities; \$2,577,317 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$9,365,429 were offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$9,511,249.
- The general fund had revenues and other financing sources of \$8,375,657 in 2013. This represents a decrease of \$204,311, primarily in intergovernmental revenue from 2012 revenues. The expenditures and other financing uses of the general fund, which totaled \$7,994,496 in 2013, increased \$1,011,492 from 2012. An increase in interfund transfers, particularly to capital reserves, accounted for the majority of this expenditure increase. Expenditures excluding transfers increased \$35,840. The net increase in fund balance for the general fund was \$381,161 or 5.72% over the 2012 balance.
- The fire and rescue fund had revenues and other financing sources of \$1,712,772 in 2013. This represents an increase of \$70,676 from 2012 revenues and other sources. The expenditures of the fire and rescue fund, which totaled \$1,945,782 in 2013, increased \$267,511 from 2012. The purchase of an ambulance accounted for the majority of this increase. The net decrease in fund balance for the fire and rescue fund was \$233,010 or 38.76%.
- The police fund had revenues and other financing sources of \$3,081,845 in 2013. This represents an increase of \$314,391, primarily due to higher transfers from the general fund, from 2012 revenues and other sources. The expenditures of the police fund, which totaled \$2,912,080 in 2013, increased \$78,186 from 2012. The net increase in fund balance for the police fund was \$169,765 or 283.22%.
- The street fund had revenues and other financing sources of \$1,668,531 in 2013. This represents a decrease of \$126,057 from 2012 revenues and other sources. The expenditures of the street fund, which totaled \$1,707,075 in 2013, increased \$199,050 from 2012. The net decrease in the fund balance for the street fund, including the increase in reserve for inventory, was \$12,979 or 1.09%.
- The capital improvement fund had revenues and other financing sources of \$1,661,642 in 2013. The expenditures of the capital improvement fund totaled \$1,224,773 in 2013. The net increase in the fund balance for the capital improvement fund was \$436,869 or 7.40%.
- Net position for the business-type activities, which are made up of the water, sewer, and solid waste enterprise funds, increased in 2013 by \$16,186.

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

- In the general fund, the actual revenues and other financing sources came in \$1,115,788 greater than they were in the final budget and actual expenditures and other financing uses were \$319,868 less than the amount in the final budget. Budgeted revenues and other financing sources decreased \$1,689 from the original to the final budget and budgeted expenditures and other financing uses increased \$968,950 from the original to the final budget.

Using this Annual Financial Report

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

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

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

The City's statement of net position and statement of activities can be found on pages 19-21 of this report.

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

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 11.

Governmental Funds

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, fire and rescue fund, police fund, street fund, and capital improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 22-31 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 32-35 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 36 of this report.

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

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 37-71 of this report.

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position for 2013 compared to 2012:

	Net Position					
	2013 <u>Governmental Activities</u>	2012 <u>Governmental Activities</u>	2013 <u>Business-type Activities</u>	2012 <u>Business-type Activities</u>	2013 <u>Total</u>	2012 <u>Total</u>
<u>Assets</u>						
Current and other assets	\$ 20,356,694	\$ 19,336,758	\$ 6,235,151	\$ 5,891,064	\$ 26,591,845	\$ 25,227,822
Capital assets, net	<u>35,158,343</u>	<u>36,085,171</u>	<u>18,713,109</u>	<u>19,082,240</u>	<u>53,871,452</u>	<u>55,167,411</u>
Total assets	<u>55,515,037</u>	<u>55,421,929</u>	<u>24,948,260</u>	<u>24,973,304</u>	<u>80,463,297</u>	<u>80,395,233</u>
<u>Liabilities</u>						
Long-term liabilities	471,702	475,507	130,256	127,462	601,958	602,969
Other liabilities	<u>439,093</u>	<u>522,987</u>	<u>158,096</u>	<u>202,120</u>	<u>597,189</u>	<u>725,107</u>
Total liabilities	<u>910,795</u>	<u>998,494</u>	<u>288,352</u>	<u>329,582</u>	<u>1,199,147</u>	<u>1,328,076</u>
<u>Deferred inflows</u>	<u>1,470,581</u>	<u>1,435,594</u>	-	-	-	-
<u>Net Position</u>						
Net investment in capital assets	35,158,343	36,085,171	18,713,109	19,082,240	53,871,452	55,167,411
Restricted	2,833,309	3,122,656	-	-	2,833,309	3,122,656
Unrestricted	<u>15,142,009</u>	<u>13,780,014</u>	<u>5,946,799</u>	<u>5,561,482</u>	<u>21,088,808</u>	<u>19,341,496</u>
Total net position	<u>\$ 53,133,661</u>	<u>\$ 52,987,841</u>	<u>\$ 24,659,908</u>	<u>\$ 24,643,722</u>	<u>\$ 77,793,569</u>	<u>\$ 77,631,563</u>

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2013, the City's assets exceeded liabilities and deferred inflows by \$77,793,569. At year-end, net position was \$53,133,661 and \$24,659,908 for the governmental activities and the business-type activities, respectively.

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

Capital assets reported on the government-wide statements represent the largest portion of the City's net position. At year-end, capital assets net represented 66.95% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, vehicles, software, and infrastructure. The City's net investment in capital assets at December 31, 2013, was \$35,158,343 and \$18,713,109 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending.

As of December 31, 2013, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's net position, \$2,833,309 represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position of \$15,142,009 may be used to meet the government's ongoing obligations to citizens and creditors.

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

The table below shows the changes in net position for years 2013 and 2012.

Change in Net Position

	2013	2012	2013	2012	2013	2012
	Governmental	Governmental	Business-Type	Business-Type	2013	2012
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>Total</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,744,364	\$ 1,747,856	\$ 3,332,065	\$ 3,527,430	\$ 5,076,429	\$ 5,275,286
Operating grants and contributions	763,698	759,248	-	-	763,698	759,248
Capital grants and contributions	69,255	36,741	225,034	350,350	294,289	387,091
Total program revenues	<u>2,577,317</u>	<u>2,543,845</u>	<u>3,557,099</u>	<u>3,877,780</u>	<u>6,134,416</u>	<u>6,421,625</u>
General revenues:						
Property taxes	1,557,258	1,564,747	-	-	1,557,258	1,564,747
Income taxes	6,816,272	6,479,047	-	-	6,816,272	6,479,047
Unrestricted grants and entitlements	701,322	783,707	-	-	701,322	783,707
Payment in lieu of taxes	392,737	396,046	-	-	392,737	396,046
Investment earnings	130,641	119,601	18,842	21,002	149,483	140,603
Decrease in fair market value	(164,454)	-	-	-	(164,454)	-
Miscellaneous	77,473	64,950	52,033	51,976	129,506	116,926
Total general revenues	<u>9,511,249</u>	<u>9,408,098</u>	<u>70,875</u>	<u>72,978</u>	<u>9,582,124</u>	<u>9,481,076</u>
Total revenues	<u>12,088,566</u>	<u>11,951,943</u>	<u>3,627,974</u>	<u>3,950,758</u>	<u>15,716,540</u>	<u>15,902,701</u>
Expenses:						
General government	1,520,423	1,820,417	-	-	1,520,423	1,820,417
Security of persons and property	5,770,733	5,296,595	-	-	5,770,733	5,296,595
Public health and welfare	19,022	5,738	-	-	19,022	5,738
Transportation	3,647,346	3,220,743	-	-	3,647,346	3,220,743
Community environment	516,669	465,318	-	-	516,669	465,318
Leisure time activity	468,553	516,368	-	-	468,553	516,368
Water	-	-	1,340,232	1,308,319	1,340,232	1,308,319
Sewer	-	-	1,448,739	1,428,586	1,448,739	1,428,586
Solid waste	-	-	822,817	819,025	822,817	819,025
Total expenses	<u>11,942,746</u>	<u>11,325,179</u>	<u>3,611,788</u>	<u>3,555,930</u>	<u>15,554,534</u>	<u>14,881,109</u>
Change in net position	145,820	626,764	16,186	394,828	162,006	1,021,592
Net position at beginning of year	<u>52,987,841</u>	<u>52,361,077</u>	<u>24,643,722</u>	<u>24,248,894</u>	<u>77,631,563</u>	<u>76,609,971</u>
Net position at end of year	<u>\$ 53,133,661</u>	<u>\$ 52,987,841</u>	<u>\$ 24,659,908</u>	<u>\$ 24,643,722</u>	<u>\$ 77,793,569</u>	<u>\$ 77,631,563</u>

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

Governmental Activities

Governmental activities net position remained steady with a modest increase of \$145,820 in 2013.

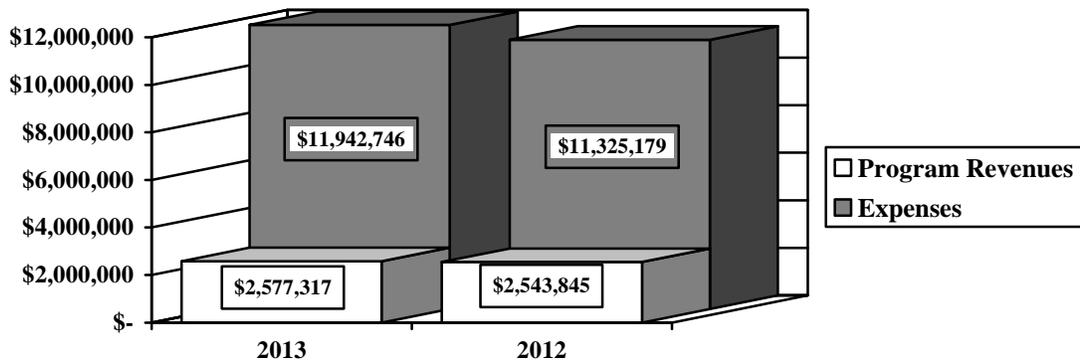
Security of persons and property, which primarily supports the operations of the police and fire departments accounted for \$5,770,733 of the total governmental expenses of the City. These expenses were partially funded by \$1,096,623 in direct charges to users of the services. Transportation expenses totaled \$3,647,346. Transportation expenses were partially funded by \$715,248 in operating grants and contributions and \$69,255 in capital grants and contributions.

The state and federal government contributed to the City a total of \$763,698 in operating grants and contributions and \$69,255 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of the total grants and contributions, \$784,503 subsidized transportation programs, and \$5,950 subsidized security of persons and property programs.

General revenues totaled \$9,511,249, and amounted to 78.68% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$8,766,267. Unrestricted grants and entitlements of \$701,322, which includes local government funds, is the other primary source of general revenues.

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

Governmental Activities - Program Revenues vs. Total Expenses



CITY OF ENGLEWOOD, OHIO

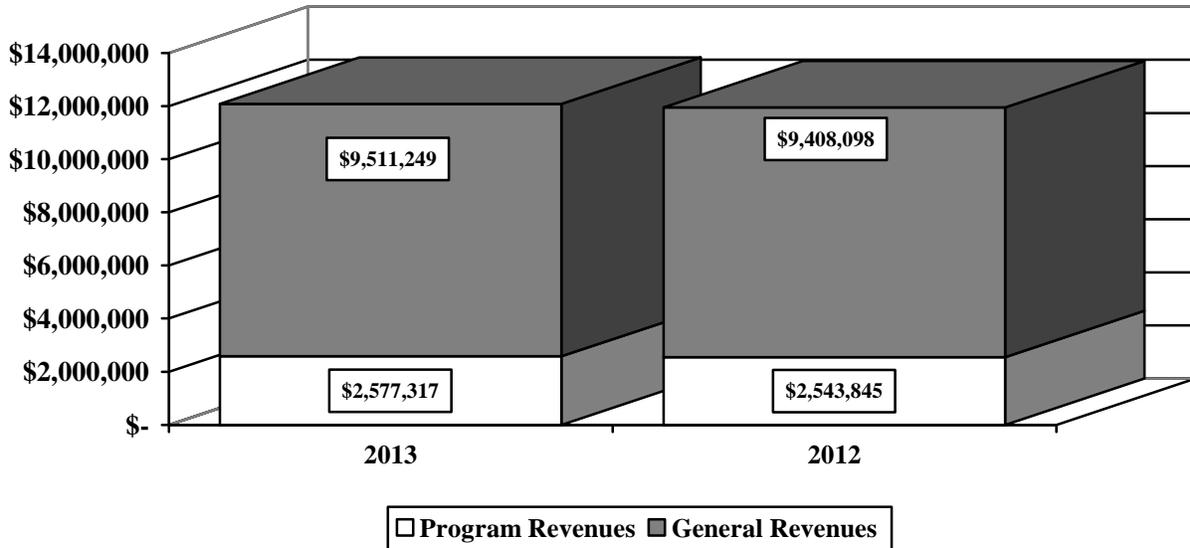
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Governmental Activities

	Total Cost of Services <u>2013</u>	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2013</u>	Net Cost of Services <u>2012</u>
Program Expenses:				
General government	\$ 1,520,423	\$ 1,820,417	\$ 966,000	\$ 1,404,520
Security of persons and property	5,770,733	5,296,595	4,668,160	4,052,216
Public health and welfare	19,022	5,738	17,716	5,144
Transportation	3,647,346	3,220,743	2,848,036	2,474,548
Community environment	516,669	465,318	423,059	383,353
Leisure time activity	<u>468,553</u>	<u>516,368</u>	<u>442,458</u>	<u>461,553</u>
Total Expenses	<u>\$11,942,746</u>	<u>\$11,325,179</u>	<u>\$ 9,365,429</u>	<u>\$ 8,361,163</u>

The dependence upon general revenues for governmental activities is apparent, with 78.41% of expenses supported through taxes and other general revenues.

Governmental Activities - General and Program Revenues

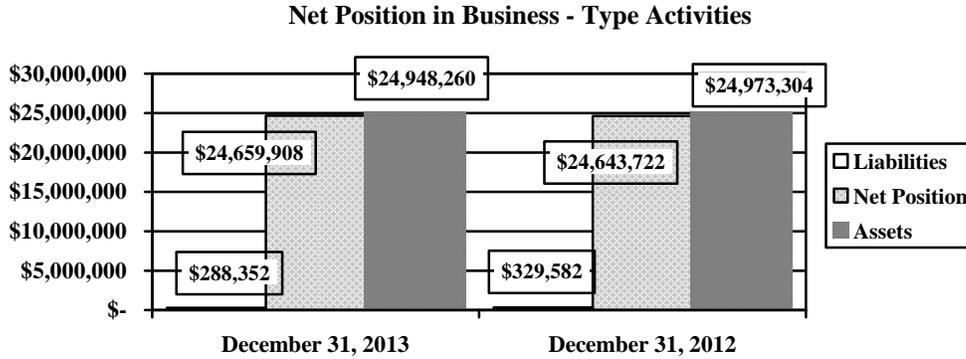


CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Business-type Activities

Business-type activities include the water, sewer, and solid waste enterprise funds. These programs had program revenues of \$3,557,099, general revenues of \$70,875, and expenses of \$3,611,788 for 2013. The graph below shows the business-type activities assets, liabilities, and net position at year-end 2013 and 2012.



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 25-26) reported a combined fund balance of \$15,876,219 which is \$664,792 above last year's balance of \$15,211,427. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2013 for all major and nonmajor governmental funds.

	Balances 12/31/13	Balances 12/31/12	Increase (Decrease)
Major Funds:			
General	\$ 7,047,163	\$ 6,666,002	\$ 381,161
Fire and rescue	368,163	601,173	(233,010)
Police	229,707	59,942	169,765
Street	1,181,529	1,194,508	(12,979)
Capital improvement	6,339,040	5,902,171	436,869
Other nonmajor governmental funds	710,617	787,631	(77,014)
Total	\$ 15,876,219	\$ 15,211,427	\$ 664,792

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

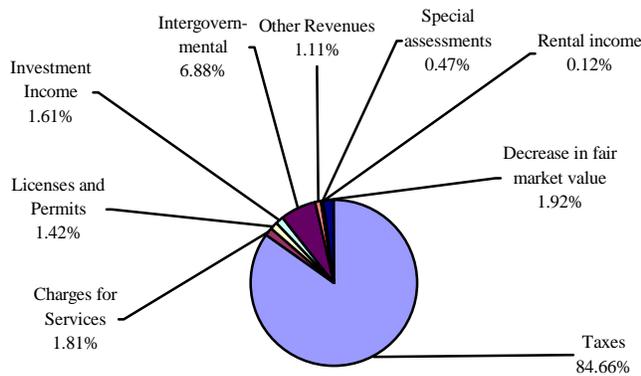
General Fund

The City's general fund balance increased \$381,161. The table that follows assists in illustrating the revenues of the general fund.

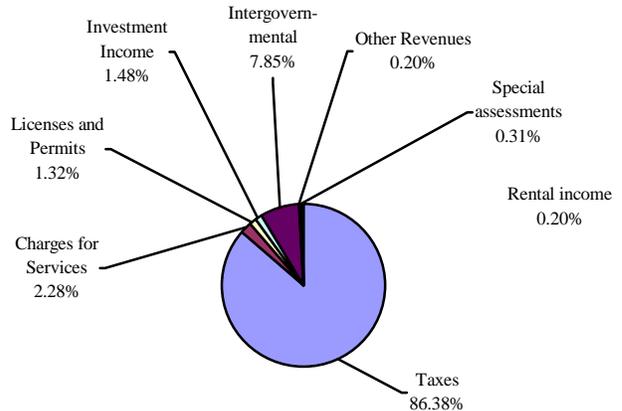
	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 7,270,103	\$ 7,376,356	(1.44) %
Charges for services	155,474	194,533	(20.08) %
Licenses and permits	122,314	112,509	8.71 %
Decrease in fair market value	(164,454)	-	(100.00) %
Investment income	138,377	126,125	9.71 %
Rental income	10,450	16,804	(37.81) %
Special assessments	39,990	26,512	50.84 %
Intergovernmental	590,605	670,288	(11.89) %
Other	<u>95,332</u>	<u>16,779</u>	468.16 %
Total	<u>\$ 8,258,191</u>	<u>\$ 8,539,906</u>	(3.30) %

Tax revenue represents 88.04% of all general fund revenue. The decrease in fair market value is an indication of fluctuation in the investment market at year end. An actual loss would only occur if the investments were redeemed prematurely. Special assessment revenue increased due to an increase in weed and nuisance abatement assessments in 2013. Other revenue includes one-time insurance reimbursements/rebates from the Ohio Bureau of Workers' Compensation and the Miami Valley Risk Management Association.

Revenues – 2013



Revenues - 2012



CITY OF ENGLEWOOD, OHIO

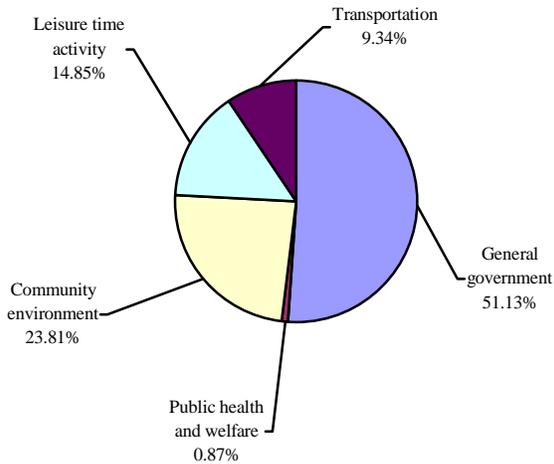
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

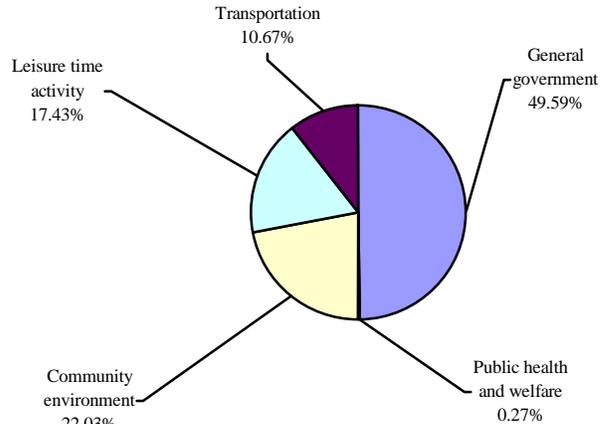
	<u>2013 Amount</u>	<u>2012 Amount</u>	<u>Percentage Change</u>
<u>Expenditures</u>			
General government	\$ 1,094,855	\$ 1,044,274	4.84 %
Public health and welfare	18,650	5,738	225.03 %
Transportation	199,993	224,717	(11.00) %
Community environment	509,967	463,851	9.94 %
Leisure time activity	<u>318,031</u>	<u>367,076</u>	(13.36) %
Total	<u>\$ 2,141,496</u>	<u>\$ 2,105,656</u>	1.70 %

Total expenditures increased 1.70% from 2012. The largest expenditure line item, general government, increased 4.84% due to an increase in salary and benefits costs. The increase in public health and welfare expenses represents replacement of a fence at the Fairview cemetery.

Expenditures - 2013



Expenditures - 2012



Fire and Rescue Fund

The fire and rescue fund had revenues and other financing sources of \$1,712,772 in 2013. This represents an increase of \$70,676 from 2012 revenues and other sources. The expenditures of the fire and rescue fund, which totaled \$1,945,782 in 2013, increased \$267,511 from 2012. The net decrease in fund balance for the fire and rescue fund was \$233,010 or 38.76%.

Police Fund

The police fund had revenues and other financing sources of \$3,081,845 in 2013. This represents an increase of \$314,391 from 2012 revenues and other sources. The expenditures of the police fund, which totaled \$2,912,080 in 2013, increased \$78,186 from 2012. The net increase in fund balance for the police fund was \$169,765 or 283.22%.

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

Street Fund

The street fund had revenues and other financing sources of \$1,668,531 in 2013. This represents a decrease of \$126,057 from 2012 revenues and other sources. The expenditures of the street fund, which totaled \$1,707,075 in 2013, increased \$199,050 from 2012. The net decrease in the fund balance for the street fund, including the increase in reserve for inventory, was \$12,979 or 1.09%.

Capital Improvement Fund

The capital improvement fund had revenues and other financing sources of \$1,661,642 in 2013. The expenditures of the capital improvement fund totaled \$1,224,773 in 2013. The net increase in the fund balance for the capital improvement fund was \$436,869 or 7.40%.

Budgeting Highlights

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

Budgetary information is presented for the general fund, fire and rescue fund, police fund and street fund. In the general fund, budgeted revenues were \$1,689 lower from the original to the final budget. One of the most significant changes was between the final budgeted revenues and actual revenues. Actual budget revenues and other financing sources of \$8,699,754 exceeded final revenues and other financing sources by \$1,115,788. Income tax revenue exceeded budgeted revenue by \$613,077. Residual estate tax revenue, which was abolished by the state legislature, was \$263,612 higher than budgeted. One-time reimbursements of insurance premiums and sale of surplus assets accounted for the majority of remaining revenue over budget. The actual expenditures and other financing uses of \$8,154,284 were less than the final appropriations by \$319,868.

Proprietary Funds

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

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Capital Assets and Debt Administration

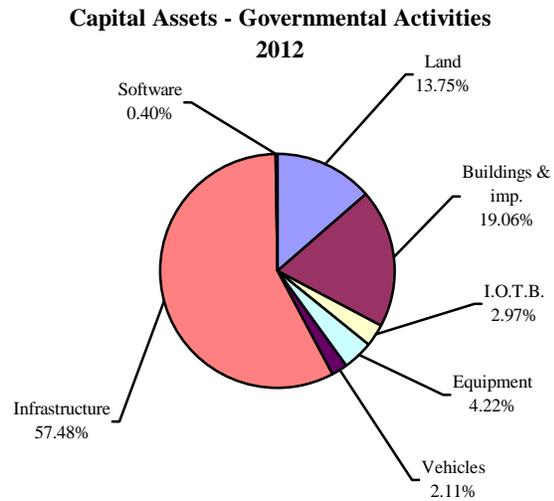
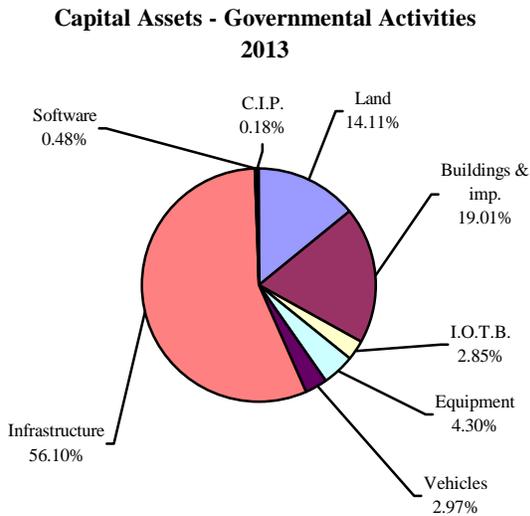
Capital Assets

At the end of 2013, the City had \$53,871,452 (net of accumulated depreciation) invested in land, construction in progress, buildings and improvements, improvements other than buildings, equipment, vehicles, software, and infrastructure. Of this total, \$35,158,343 was reported in governmental activities and \$18,713,109 was reported in business-type activities. See Note 10 in the basic financial statements for additional capital asset disclosure. The following table shows 2013 balances compared to 2012:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 4,960,380	\$ 4,960,605	\$ 33,510	\$ 33,510	\$ 4,993,890	\$ 4,994,115
Land improvements (I.O.T.B.)	1,002,927	1,071,610	898,722	944,300	1,901,649	2,015,910
Buildings and improvements	6,681,849	6,878,084	3,763,875	3,942,643	10,445,724	10,820,727
Equipment	1,511,622	1,524,563	2,587,193	2,617,794	4,098,815	4,142,357
Vehicles	1,044,423	762,940	169,866	184,531	1,214,289	947,471
Infrastructure	19,723,813	20,743,058	11,173,128	11,359,462	30,896,941	32,102,520
Computer software	168,649	144,311	-	-	168,649	144,311
Construction in progress	64,680	-	86,815	-	151,495	-
Totals	\$ 35,158,343	\$ 36,085,171	\$ 18,713,109	\$ 19,082,240	\$ 53,871,452	\$ 55,167,411

The following graphs show the breakdown of governmental capital assets by category for 2013 and 2012.

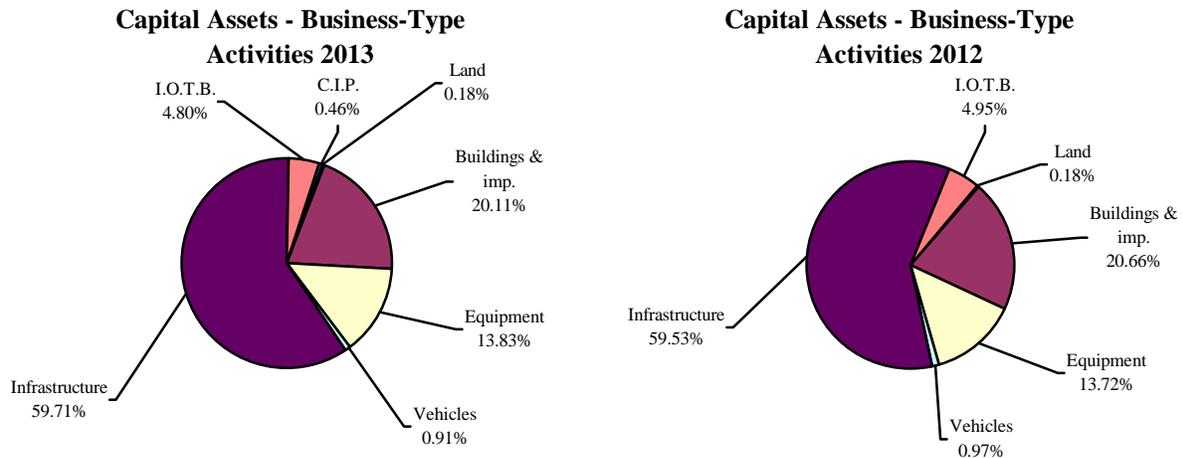


CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

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 56.09% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2013 and 2012.



The City's largest business-type capital asset category is infrastructure which primarily includes water and sewer lines. These items play a vital role in the income producing ability of the business-type activities. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 59.71% of the City's total business-type capital assets.

Debt Administration

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

Economic Conditions and Outlook

The City of Englewood is an attractive planned community in the northern portion of Montgomery County in southwest Ohio. Located along the I-70 corridor, just 5 miles from Dayton International Airport, it offers ease of access to the larger metropolitan cities of Dayton, Columbus, and Cincinnati, as well as interstate travel. For those who wish to avoid the congestion of the larger metropolitan areas, Englewood offers many opportunities right within its own borders for first-rate education, health, recreation, and entertainment. These amenities are enjoyed not only by Englewood's diverse population of 13,600, but also by the citizens of surrounding communities.

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

CITY OF ENGLEWOOD, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2013

Englewood's tax base includes a good mix of health, government, education, entertainment, retail, commercial, and industrial segments. This diversity in tax base has enabled the City to remain fiscally strong despite cuts in state funding.

Looking Back

In 2013 the city of Englewood experienced growth in both residential and commercial developments. A total of 16 residential units were constructed with an estimated value of \$2,500,000 and 100 commercial building permits were issued with an estimated value of \$21,000,000. Major commercial developments include a new 103,000 square foot elementary school building, Value Added Packaging expanding by 45,000 square feet, and the redevelopment of a Marathon gas station on Main Street.

The traffic and safety infrastructure was expanded in 2013 and the City now has 50 high definition security cameras installed at various locations throughout the City. These security cameras help promote a high quality of life by enhancing the safety and security of residents and visitors within our community.

Capital projects accomplished during 2013 include: Replacement of several aging water mains; infrastructure relocations in preparation of an Ohio Department of Transportation bridge widening project at I-70 and SR 48; expansion of the security camera and traffic control systems throughout the city; and additional pedestrian access and handicapped sidewalk ramp improvements. Of course, annual sidewalk replacement and general roadway resurfacing programs were completed as well. State and federal grant funding subsidized over \$430,000 of these capital projects. The remaining cost was paid by reserves set aside for such purposes.

Looking Forward

At present time, the city owns over eighty shovel-ready acres available for development within its industrial parks, ample acreage available for residential growth and all of the necessary resources to provide excellent service to our existing and future residents. New development opportunities will become available with the demolition of Englewood Plaza, creating an eleven acre site for redevelopment on National Road. In addition, 2014 will see the construction of a new United Dairy Farmers store on the former Englewood Plaza site and expansion to Tom Smith Industries which is located in the I-70 West Commerce Park.

In addition to the annual street resurfacing and sidewalk replacement programs, the City will continue infrastructure improvements by replacing aged water mains on Main Street and Savina Avenue. OPWC funding has been approved to offset a portion of the water main projects.

The City has remained debt free since 2011. Because of a long-standing commitment to fiscal stewardship of public funds, Englewood will continue to thrive without compromising a history of excellence in safety, security and public service to the community.

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

CITY OF ENGLEWOOD, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Contacting the City's Financial Management

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

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments.	\$ 15,817,594	\$ 5,649,815	\$ 21,467,409
Receivables:			
Income taxes.	1,571,287	-	1,571,287
Real and other taxes	1,352,991	-	1,352,991
Payments in lieu of taxes	147,721	-	147,721
Accounts.	313,941	399,097	713,038
Special assessments	366,245	28,603	394,848
Accrued interest	26,214	-	26,214
Due from other governments.	564,582	61,589	626,171
Materials and supplies inventory.	127,730	95,358	223,088
Prepayments	55,001	14,077	69,078
Internal balance	13,388	(13,388)	-
Capital assets:			
Land and construction in progress.	5,025,060	120,325	5,145,385
Depreciable capital assets, net.	30,133,283	18,592,784	48,726,067
Total capital assets, net.	<u>35,158,343</u>	<u>18,713,109</u>	<u>53,871,452</u>
Total assets	<u>55,515,037</u>	<u>24,948,260</u>	<u>80,463,297</u>
Liabilities:			
Accounts payable.	99,290	50,478	149,768
Accrued wages and benefits payable	123,526	17,421	140,947
Due to other governments	216,277	28,592	244,869
Unearned revenue	-	61,605	61,605
Long-term liabilities:			
Due within one year	278,138	36,125	314,263
Due in more than one year.	193,564	94,131	287,695
Total liabilities	<u>910,795</u>	<u>288,352</u>	<u>1,199,147</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	1,322,860	-	1,322,860
Payments in lieu of taxes levied for the next fiscal year.	147,721	-	147,721
Total deferred inflows of resources	<u>1,470,581</u>	<u>-</u>	<u>1,470,581</u>
Net position:			
Net investment in capital assets.	35,158,343	18,713,109	53,871,452
Restricted for:			
Matured bond and interest.	6,069	-	6,069
Street construction and maintenance.	1,849,084	-	1,849,084
Public safety.	785,809	-	785,809
Other purposes.	192,347	-	192,347
Unrestricted.	<u>15,142,009</u>	<u>5,946,799</u>	<u>21,088,808</u>
Total net position	<u>\$ 53,133,661</u>	<u>\$ 24,659,908</u>	<u>\$ 77,793,569</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government.	\$ 1,520,423	\$ 511,923	\$ 42,500	\$ -
Security of persons and property . . .	5,770,733	1,096,623	5,950	-
Public health and welfare	19,022	1,306	-	-
Transportation.	3,647,346	14,807	715,248	69,255
Community environment	516,669	93,610	-	-
Leisure time activity.	468,553	26,095	-	-
Total governmental activities	<u>11,942,746</u>	<u>1,744,364</u>	<u>763,698</u>	<u>69,255</u>
Business-type activities:				
Water.	1,340,232	1,199,349	-	225,034
Sewer.	1,448,739	1,363,061	-	-
Solid waste.	822,817	769,655	-	-
Total business-type activities	<u>3,611,788</u>	<u>3,332,065</u>	<u>-</u>	<u>225,034</u>
Total primary government	<u>\$ 15,554,534</u>	<u>\$ 5,076,429</u>	<u>\$ 763,698</u>	<u>\$ 294,289</u>

General revenues:

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

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-type Activities	Total
\$ (966,000)	\$ -	\$ (966,000)
(4,668,160)	-	(4,668,160)
(17,716)	-	(17,716)
(2,848,036)	-	(2,848,036)
(423,059)	-	(423,059)
(442,458)	-	(442,458)
<u>(9,365,429)</u>	<u>-</u>	<u>(9,365,429)</u>
-	84,151	84,151
-	(85,678)	(85,678)
-	<u>(53,162)</u>	<u>(53,162)</u>
-	<u>(54,689)</u>	<u>(54,689)</u>
<u>(9,365,429)</u>	<u>(54,689)</u>	<u>(9,420,118)</u>
823,159	-	823,159
461,436	-	461,436
205,766	-	205,766
66,897	-	66,897
6,816,272	-	6,816,272
392,737	-	392,737
701,322	-	701,322
(164,454)	-	(164,454)
130,641	18,842	149,483
77,473	52,033	129,506
<u>9,511,249</u>	<u>70,875</u>	<u>9,582,124</u>
145,820	16,186	162,006
<u>52,987,841</u>	<u>24,643,722</u>	<u>77,631,563</u>
<u>\$ 53,133,661</u>	<u>\$ 24,659,908</u>	<u>\$ 77,793,569</u>

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	<u>General</u>	<u>Fire & Rescue</u>	<u>Police</u>	<u>Street</u>
Assets:				
Equity in pooled cash and investments	\$ 6,543,892	\$ 349,136	\$ 335,227	\$ 1,092,240
Receivables:				
Income taxes	1,571,287	-	-	-
Real and other taxes	628,274	449,850	207,965	-
Payments in lieu of taxes	-	-	-	-
Accounts	56,135	251,988	1,938	3,791
Special assessments	181,114	-	-	-
Interfund loans	68,500	-	-	-
Accrued interest	26,214	-	-	-
Due from other governments	209,272	42,294	18,365	248,980
Materials and supplies inventory	-	-	-	104,385
Prepayments	12,309	8,508	17,955	10,168
Total assets	<u>\$ 9,296,997</u>	<u>\$ 1,101,776</u>	<u>\$ 581,450</u>	<u>\$ 1,459,564</u>
Liabilities:				
Accounts payable	\$ 31,712	\$ 8,444	\$ 2,831	\$ 22,664
Accrued wages and benefits payable	22,921	24,044	43,170	16,852
Compensated absences payable	7,794	-	-	-
Interfund loans payable	-	-	-	-
Due to other governments	37,651	44,253	82,213	27,772
Total liabilities	<u>100,078</u>	<u>76,741</u>	<u>128,214</u>	<u>67,288</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	614,596	439,500	203,358	-
Delinquent property tax revenue not available	13,678	10,350	4,607	-
Payments in lieu of taxes levied for the next fiscal year	-	-	-	-
Accrued interest not available	19,706	-	-	-
Special assessments revenue not available	181,114	-	-	-
Miscellaneous revenue not available	48,525	164,728	779	3,791
Income tax revenue not available	1,156,004	-	-	-
Intergovernmental revenue not available	116,133	42,294	14,785	206,956
Total deferred inflows of resources	<u>2,149,756</u>	<u>656,872</u>	<u>223,529</u>	<u>210,747</u>
Fund balances:				
Nonspendable	12,309	8,508	17,955	114,553
Restricted	-	359,655	211,752	1,066,976
Committed	-	-	-	-
Assigned	2,201,262	-	-	-
Unassigned	4,833,592	-	-	-
Total fund balances	<u>7,047,163</u>	<u>368,163</u>	<u>229,707</u>	<u>1,181,529</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,296,997</u>	<u>\$ 1,101,776</u>	<u>\$ 581,450</u>	<u>\$ 1,459,564</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ 6,407,540	\$ 714,571	\$ 15,442,606
-	-	1,571,287
-	66,902	1,352,991
-	147,721	147,721
-	89	313,941
3,691	181,440	366,245
-	-	68,500
-	-	26,214
-	43,599	562,510
-	-	104,385
-	2,850	51,790
<u>\$ 6,411,231</u>	<u>\$ 1,157,172</u>	<u>\$ 20,008,190</u>
\$ -	\$ 3,609	\$ 69,260
-	10,892	117,879
-	-	7,794
68,500	-	68,500
-	15,103	206,992
<u>68,500</u>	<u>29,604</u>	<u>470,425</u>
-	65,406	1,322,860
-	1,496	30,131
-	147,721	147,721
-	-	19,706
3,691	180,402	365,207
-	-	217,823
-	-	1,156,004
-	21,926	402,094
<u>3,691</u>	<u>416,951</u>	<u>3,661,546</u>
-	2,850	156,175
134,223	707,767	2,480,373
2,882,288	-	2,882,288
3,322,529	-	5,523,791
-	-	4,833,592
<u>6,339,040</u>	<u>710,617</u>	<u>15,876,219</u>
<u>\$ 6,411,231</u>	<u>\$ 1,157,172</u>	<u>\$ 20,008,190</u>

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**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2013

Total governmental fund balances	\$	15,876,219
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities (excluding internal service funds capital assets) are not financial resources and therefore are not reported in the funds.		33,789,859
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Income taxes receivable	\$ 1,156,004	
Real and other taxes receivable	30,131	
Accounts receivable	217,823	
Intergovernmental receivable	402,094	
Special assessments receivable	365,207	
Accrued interest receivable	19,706	
Total		2,190,965
An internal service fund is used by management to charge the costs of the government center and service center to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position. The net position of the internal service funds, including internal balances of \$(13,388), are:		
		1,694,641
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(418,023)
Net position of governmental activities	\$	53,133,661

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>General</u>	<u>Fire & Rescue</u>	<u>Police</u>	<u>Street</u>
Revenues:				
Municipal income taxes	\$ 6,445,294	\$ -	\$ -	\$ -
Property and other taxes.	824,809	462,679	206,374	-
Charges for services.	155,474	785,201	-	-
Licenses and permits	122,314	-	-	-
Fines and forfeitures	-	-	14,042	-
Intergovernmental.	590,605	75,618	33,029	514,875
Special assessments	39,990	-	-	-
Investment income.	138,377	-	-	7,543
Rental income	10,450	-	-	-
Contributions and donations.	2,977	-	-	-
Payment in lieu of taxes.	-	-	-	-
Decrease in market value of investments	(164,454)	-	-	-
Other	92,355	18,904	26,889	21,113
Total revenues	<u>8,258,191</u>	<u>1,342,402</u>	<u>280,334</u>	<u>543,531</u>
Expenditures:				
Current:				
General government	1,094,855	-	-	-
Security of persons and property	-	1,945,782	2,912,080	-
Public health and welfare.	18,650	-	-	-
Transportation	199,993	-	-	1,707,075
Community environment	509,967	-	-	-
Leisure time activity	318,031	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>2,141,496</u>	<u>1,945,782</u>	<u>2,912,080</u>	<u>1,707,075</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>6,116,695</u>	<u>(603,380)</u>	<u>(2,631,746)</u>	<u>(1,163,544)</u>
Other financing sources (uses):				
Sale of capital assets.	117,466	12,370	1,511	-
Transfers in	-	358,000	2,800,000	1,125,000
Transfers (out).	(5,853,000)	-	-	-
Total other financing sources (uses)	<u>(5,735,534)</u>	<u>370,370</u>	<u>2,801,511</u>	<u>1,125,000</u>
Net change in fund balances	381,161	(233,010)	169,765	(38,544)
Fund balances at beginning of year	6,666,002	601,173	59,942	1,194,508
Increase in reserve for inventory	-	-	-	25,565
Fund balances at end of year	<u>\$ 7,047,163</u>	<u>\$ 368,163</u>	<u>\$ 229,707</u>	<u>\$ 1,181,529</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Capital Improvement	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 6,445,294
-	67,068	1,560,930
-	267,562	1,208,237
-	-	122,314
-	720	14,762
64,879	326,159	1,605,165
-	117,556	157,546
-	781	146,701
4,376	-	14,826
-	-	2,977
-	392,737	392,737
-	-	(164,454)
26,885	4,648	190,794
<u>96,140</u>	<u>1,177,231</u>	<u>11,697,829</u>
-	236,319	1,331,174
-	636,599	5,494,461
-	-	18,650
-	140,381	2,047,449
-	-	509,967
-	-	318,031
<u>1,224,773</u>	<u>250,433</u>	<u>1,475,206</u>
<u>1,224,773</u>	<u>1,263,732</u>	<u>11,194,938</u>
<u>(1,128,633)</u>	<u>(86,501)</u>	<u>502,891</u>
4,989	-	136,336
1,560,513	210,000	6,053,513
-	(200,513)	(6,053,513)
<u>1,565,502</u>	<u>9,487</u>	<u>136,336</u>
436,869	(77,014)	639,227
5,902,171	787,631	15,211,427
-	-	25,565
<u>\$ 6,339,040</u>	<u>\$ 710,617</u>	<u>\$ 15,876,219</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, 2013

Net change in fund balances - total governmental funds	\$	639,227
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.		
Capital asset additions	\$ 1,312,287	
Current year depreciation	<u>(1,991,141)</u>	
Total		(678,854)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(182,395)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	370,978	
Delinquent property taxes	(5,007)	
Intergovernmental revenues	(9,065)	
Special assessments	117,494	
Investment income	(7,736)	
Other	<u>(75,927)</u>	
Total		390,737
Governmental funds report expenditures for inventory when purchased; however in the statement of activities, they are reported as an expense when consumed.		
		25,565
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.		
		19
The internal service fund used by management to charge the costs of the government center and service center to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>(48,479)</u>
Change in net position of governmental activities	\$	<u>145,820</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	<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	\$ 5,973,500	\$ 5,973,500	\$ 6,586,577	\$ 613,077
Property and other taxes.	797,510	797,510	821,121	23,611
Charges for services.	189,300	189,300	196,395	7,095
Licenses and permits	105,500	105,500	122,314	16,814
Intergovernmental.	300,813	299,124	572,592	273,468
Special assessments	15,000	15,000	39,990	24,990
Investment income.	105,500	105,500	123,794	18,294
Other	6,500	6,500	77,473	70,973
Total revenues	<u>7,493,623</u>	<u>7,491,934</u>	<u>8,540,256</u>	<u>1,048,322</u>
Expenditures:				
Current:				
General government	1,234,079	1,393,402	1,146,538	246,864
Public health and welfare.	22,346	25,231	19,741	5,490
Community environment	491,554	555,016	539,341	15,675
Leisure time activity	210,346	237,503	185,664	51,839
Total expenditures	<u>1,958,325</u>	<u>2,211,152</u>	<u>1,891,284</u>	<u>319,868</u>
Excess of revenues over expenditures.	<u>5,535,298</u>	<u>5,280,782</u>	<u>6,648,972</u>	<u>1,368,190</u>
Other financing sources (uses):				
Sale of capital assets.	50,000	50,000	117,466	67,466
Advances in.	42,032	42,032	42,032	-
Transfers out.	(5,546,877)	(6,263,000)	(6,263,000)	-
Total other financing sources (uses)	<u>(5,454,845)</u>	<u>(6,170,968)</u>	<u>(6,103,502)</u>	<u>67,466</u>
Net change in fund balances	80,453	(890,186)	545,470	1,435,656
Fund balances at beginning of year	4,163,296	4,163,296	4,163,296	-
Prior year encumbrances appropriated	38,257	38,257	38,257	-
Fund balance at end of year	<u>\$ 4,282,006</u>	<u>\$ 3,311,367</u>	<u>\$ 4,747,023</u>	<u>\$ 1,435,656</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, 2013

	<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.	\$ 454,008	\$ 454,008	\$ 462,679	\$ 8,671
Charges for services.	804,000	804,000	761,324	(42,676)
Intergovernmental.	71,500	71,500	75,618	4,118
Other	2,500	2,500	19,125	16,625
Total revenues	<u>1,332,008</u>	<u>1,332,008</u>	<u>1,318,746</u>	<u>(13,262)</u>
Expenditures:				
Current:				
Security of persons and property	2,004,610	2,038,135	2,002,375	35,760
Total expenditures	<u>2,004,610</u>	<u>2,038,135</u>	<u>2,002,375</u>	<u>35,760</u>
Excess of expenditures over revenues.	<u>(672,602)</u>	<u>(706,127)</u>	<u>(683,629)</u>	<u>22,498</u>
Other financing sources:				
Sale of capital assets.	-	-	12,370	12,370
Transfers in	358,000	358,000	358,000	-
Total other financing sources.	<u>358,000</u>	<u>358,000</u>	<u>370,370</u>	<u>12,370</u>
Net change in fund balances	(314,602)	(348,127)	(313,259)	34,868
Fund balances at beginning of year	596,935	596,935	596,935	-
Prior year encumbrances appropriated . . .	35,760	35,760	35,760	-
Fund balance at end of year	<u>\$ 318,093</u>	<u>\$ 284,568</u>	<u>\$ 319,436</u>	<u>\$ 34,868</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property and other taxes	\$ 202,500	\$ 202,500	\$ 206,374	\$ 3,874
Fines and forfeitures	24,000	24,000	13,644	(10,356)
Intergovernmental.	32,200	32,200	29,449	(2,751)
Other	6,000	6,000	29,968	23,968
Total revenues	<u>264,700</u>	<u>264,700</u>	<u>279,435</u>	<u>14,735</u>
Expenditures:				
Current:				
Security of persons and property	3,110,791	3,110,791	2,975,028	135,763
Total expenditures	<u>3,110,791</u>	<u>3,110,791</u>	<u>2,975,028</u>	<u>135,763</u>
Excess of expenditures over revenues.	<u>(2,846,091)</u>	<u>(2,846,091)</u>	<u>(2,695,593)</u>	<u>150,498</u>
Other financing sources:				
Sale of capital assets.	1,000	1,000	1,511	511
Transfers in	2,800,000	2,800,000	2,800,000	-
Total other financing sources.	<u>2,801,000</u>	<u>2,801,000</u>	<u>2,801,511</u>	<u>511</u>
Net change in fund balances	(45,091)	(45,091)	105,918	151,009
Fund balances at beginning of year	172,931	172,931	172,931	-
Prior year encumbrances appropriated . . .	22,636	22,636	22,636	-
Fund balance at end of year	<u>\$ 150,476</u>	<u>\$ 150,476</u>	<u>\$ 301,485</u>	<u>\$ 151,009</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 509,000	\$ 509,000	\$ 514,602	\$ 5,602
Investment income	5,500	5,500	7,543	2,043
Other	25,500	25,500	23,145	(2,355)
Total revenues	<u>540,000</u>	<u>540,000</u>	<u>545,290</u>	<u>5,290</u>
Expenditures:				
Current:				
Transportation	1,952,070	2,047,070	1,813,166	233,904
Total expenditures	<u>1,952,070</u>	<u>2,047,070</u>	<u>1,813,166</u>	<u>233,904</u>
Excess of expenditures over revenues	<u>(1,412,070)</u>	<u>(1,507,070)</u>	<u>(1,267,876)</u>	<u>239,194</u>
Other financing sources:				
Transfers in	1,125,000	1,125,000	1,125,000	-
Total other financing sources	<u>1,125,000</u>	<u>1,125,000</u>	<u>1,125,000</u>	<u>-</u>
Net change in fund balances	(287,070)	(382,070)	(142,876)	239,194
Fund balances at beginning of year	1,008,783	1,008,783	1,008,783	-
Prior year encumbrances appropriated	127,245	127,245	127,245	-
Fund balance at end of year	<u>\$ 848,958</u>	<u>\$ 753,958</u>	<u>\$ 993,152</u>	<u>\$ 239,194</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013

	<u>Business-type Activities - Enterprise Funds</u>				Governmental Activities - Internal Service Funds
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
Assets:					
Current assets:					
Equity in pooled cash and investments.	\$ 2,500,543	\$ 2,685,873	\$ 463,399	\$ 5,649,815	\$ 374,988
Receivables:					
Accounts.	188,427	210,670	-	399,097	-
Special assessments	6,230	6,412	15,961	28,603	-
Due from other governments.	61,589	-	-	61,589	2,072
Materials and supplies inventory.	82,723	12,635	-	95,358	23,345
Prepayments	<u>10,708</u>	<u>2,890</u>	<u>479</u>	<u>14,077</u>	<u>3,211</u>
Total current assets	<u>2,850,220</u>	<u>2,918,480</u>	<u>479,839</u>	<u>6,248,539</u>	<u>403,616</u>
Noncurrent assets:					
Capital assets:					
Land and construction in progress.	111,301	9,024	-	120,325	130,849
Depreciable capital assets, net.	<u>9,952,083</u>	<u>8,360,736</u>	<u>279,965</u>	<u>18,592,784</u>	<u>1,237,635</u>
Total capital assets, net.	<u>10,063,384</u>	<u>8,369,760</u>	<u>279,965</u>	<u>18,713,109</u>	<u>1,368,484</u>
Total noncurrent assets	<u>10,063,384</u>	<u>8,369,760</u>	<u>279,965</u>	<u>18,713,109</u>	<u>1,368,484</u>
Total assets	<u>12,913,604</u>	<u>11,288,240</u>	<u>759,804</u>	<u>24,961,648</u>	<u>1,772,100</u>
Liabilities:					
Current liabilities:					
Accounts payable.	14,893	35,313	272	50,478	30,030
Accrued wages and benefits payable	8,530	7,637	1,254	17,421	5,647
Due to other governments	13,951	12,576	2,065	28,592	9,285
Compensated absences payable - current.	20,380	15,259	486	36,125	26,092
Unearned revenue.	<u>-</u>	<u>-</u>	<u>61,605</u>	<u>61,605</u>	<u>-</u>
Total current liabilities	<u>57,754</u>	<u>70,785</u>	<u>65,682</u>	<u>194,221</u>	<u>71,054</u>
Long-term liabilities:					
Compensated absences payable	<u>45,444</u>	<u>47,496</u>	<u>1,191</u>	<u>94,131</u>	<u>19,793</u>
Total long-term liabilities	<u>45,444</u>	<u>47,496</u>	<u>1,191</u>	<u>94,131</u>	<u>19,793</u>
Total liabilities	<u>103,198</u>	<u>118,281</u>	<u>66,873</u>	<u>288,352</u>	<u>90,847</u>
Net position:					
Net investment in capital assets.	10,063,384	8,369,760	279,965	18,713,109	1,368,484
Unrestricted	<u>2,747,022</u>	<u>2,800,199</u>	<u>412,966</u>	<u>5,960,187</u>	<u>312,769</u>
Total net position.	<u>\$ 12,810,406</u>	<u>\$ 11,169,959</u>	<u>\$ 692,931</u>	<u>24,673,296</u>	<u>\$ 1,681,253</u>
Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds.				<u>(13,388)</u>	
Net position of business-type activities:				<u>\$ 24,659,908</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Total	
Operating revenues:					
Charges for services	\$ 1,192,135	\$ 1,310,072	\$ 769,655	\$ 3,271,862	\$ 862,962
Tap-in fees	7,214	17,137	-	24,351	-
Other operating revenues	16,624	14,864	20,545	52,033	20,971
Total operating revenues.	1,215,973	1,342,073	790,200	3,348,246	883,933
Operating expenses:					
Personal services	451,845	399,142	62,086	913,073	314,166
Contract services	283,123	237,694	737,350	1,258,167	193,653
Materials and supplies	107,589	230,836	1,441	339,866	357,972
Depreciation	494,256	436,597	21,487	952,340	80,283
Other	-	121,810	-	121,810	-
Total operating expenses.	1,336,813	1,426,079	822,364	3,585,256	946,074
Operating loss	(120,840)	(84,006)	(32,164)	(237,010)	(62,141)
Nonoperating revenues (expenses):					
Gain (loss) on sale of capital assets	(401)	35,852	-	35,451	(12,469)
Interest income	9,334	9,508	-	18,842	-
Total nonoperating revenues (expenses).	8,933	45,360	-	54,293	(12,469)
Loss before contributions	(111,907)	(38,646)	(32,164)	(182,717)	(74,610)
Capital contributions	225,034	-	-	225,034	-
Change in net position	113,127	(38,646)	(32,164)	42,317	(74,610)
Net position at beginning of year	12,697,279	11,208,605	725,095		1,755,863
Net position at end of year	\$ 12,810,406	\$ 11,169,959	\$ 692,931		\$ 1,681,253
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.				(26,131)	
Change in net position of business-type activities				<u>\$ 16,186</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, 2013

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water	Sewer	Solid Waste	Total	
Cash flows from operating activities:					
Cash received from customers.	\$ 1,177,700	\$ 1,300,159	\$ 771,766	\$ 3,249,625	\$ 863,219
Cash received from tap-in fees.	7,214	17,137	-	24,351	-
Cash received from other operations	16,624	14,864	20,545	52,033	20,971
Cash payments for personal services.	(445,032)	(392,876)	(65,948)	(903,856)	(307,723)
Cash payments for contractual services	(284,405)	(212,834)	(796,394)	(1,293,633)	(194,308)
Cash payments for materials and supplies	(92,207)	(222,873)	(1,441)	(316,521)	(354,994)
Cash payments for other expenses	-	(121,863)	-	(121,863)	-
Net cash provided by (used in) operating activities	<u>379,894</u>	<u>381,714</u>	<u>(71,472)</u>	<u>690,136</u>	<u>27,165</u>
Cash flows from capital and related financing activities:					
Sale of capital assets.	-	35,852	-	35,852	-
Acquisition of capital assets	(412,408)	-	(171,202)	(583,610)	(27,173)
Capital contributions.	163,445	-	-	163,445	-
Net cash provided by (used in) capital and related financing activities.	<u>(248,963)</u>	<u>35,852</u>	<u>(171,202)</u>	<u>(384,313)</u>	<u>(27,173)</u>
Cash flows from investing activities:					
Interest received	9,334	9,508	-	18,842	-
Net cash provided by investing activities	<u>9,334</u>	<u>9,508</u>	<u>-</u>	<u>18,842</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	140,265	427,074	(242,674)	324,665	(8)
Cash and cash equivalents at beginning of year . . .	<u>2,360,278</u>	<u>2,258,799</u>	<u>706,073</u>	<u>5,325,150</u>	<u>374,996</u>
Cash and cash equivalents at end of year	<u>\$ 2,500,543</u>	<u>\$ 2,685,873</u>	<u>\$ 463,399</u>	<u>\$ 5,649,815</u>	<u>\$ 374,988</u>

- - Continued

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Business-type Activities - Enterprise Funds</u>				<u>Governmental Activities - Internal Service Funds</u>
	<u>Water</u>	<u>Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
Reconciliation of operating loss to net cash provided by (used in) operating activities:					
Operating loss	\$ (120,840)	\$ (84,006)	\$ (32,164)	\$ (237,010)	\$ (62,141)
Adjustments:					
Depreciation	494,256	436,597	21,487	952,340	80,283
Changes in assets and liabilities:					
Decrease in materials and supplies inventory	16,072	11,640	-	27,712	567
Increase in accounts receivable	(9,246)	(8,757)	-	(18,003)	-
Decrease (increase) in special assessments receivable	(5,189)	(5,156)	6,850	(3,495)	-
Decrease in intergovernmental receivable	-	4,000	-	4,000	(678)
Decrease (increase) in prepayments	806	5,033	(17)	5,822	169
Increase (decrease) in accounts payable	(2,932)	15,930	(59,044)	(46,046)	1,756
Increase in accrued wages and benefits	765	1,075	161	2,001	1,006
Increase in intergovernmental payable	2,360	2,089	311	4,760	1,701
Increase (decrease) in compensated absences payable	3,842	3,269	(4,317)	2,794	4,502
Decrease in unearned revenue	-	-	(4,739)	(4,739)	-
Net cash provided by (used in) operating activities	<u>\$ 379,894</u>	<u>\$ 381,714</u>	<u>\$ (71,472)</u>	<u>\$ 690,136</u>	<u>\$ 27,165</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Non-cash transactions:

The sewer fund received a transfer of a fully depreciated capital asset with the cost of \$16,754.

**CITY OF ENGLEWOOD
MONTGOMERY COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
DECEMBER 31, 2013

	Agency
Assets:	
Current assets:	
Equity in pooled cash and investments.	\$ 1,749
Total assets	\$ 1,749
Liabilities:	
Undistributed monies.	\$ 1,673
Intergovernmental payable.	76
Total liabilities	\$ 1,749

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 1 - DESCRIPTION OF THE CITY

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City's accounting policies are described below.

A. Reporting Entity

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

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

Insurance Purchasing Pool

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

B. Basis of Presentation

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

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

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

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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

C. Fund Accounting

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

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

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

D. Measurement Focus and Basis of Accounting

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

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

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

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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

E. Basis of Accounting

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

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

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

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

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of December 31, 2013, but which were levied to finance year 2014 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows. Income taxes, payment in lieu of taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2013, are recorded as deferred inflows on the governmental fund financial statements.

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

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 department level of each fund and within each department personal services. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

Tax Budget - During the first Council meeting in July, the City Manager presents the following year's annual operating budget to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The Montgomery County Budget Commission waived the tax budget filing requirement for 2013.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to January 1, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the Finance Director determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2013.

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

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

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

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

During 2013, investments were limited to certificates of deposit, federal agency securities, a General Electric (GE) Capital Invest Direct (corporate notes), the State Treasury Asset Reserve of Ohio (STAR Ohio) and STAR Plus.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on December 31, 2013.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2013 amounted to \$138,377, which included \$93,703 assigned from other funds of the City.

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

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

H. Inventories of Materials and Supplies

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

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

I. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2013, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

J. Capital Assets

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

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

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

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

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

K. Compensated Absences

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

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

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

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Interfund Balances

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

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

N. Interfund Activity

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

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

O. Fund Balance

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

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

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

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

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

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

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

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

P. Estimates

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

Q. Net Position

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

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2013.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2013, the City has implemented GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*" and GASB Statement No. 66, "*Technical Corrections-2012*".

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the City.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 66 improves accounting and financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements; GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements". The implementation of GASB Statement No. 66 did not have an 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.

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

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

Interim monies may be deposited or invested in the following securities in accordance with the City's investment policy:

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

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

A. Cash on hand

At year end, the City had \$600 in undeposited cash on hand which is included on the financial statements of the City as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At December 31, 2013, the carrying amount of all City deposits was \$1,282,839. As of December 31, 2013, \$989,717 of the City's bank balance of \$1,740,035 was exposed to custodial risk as discussed below, while \$750,318 was covered by the FDIC.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

C. Investments

As of December 31, 2013, the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			<u>Total</u>
		<u>6 months or less</u>	<u>7 to 24 months</u>	<u>Greater than 24 months</u>	
STAR Ohio	\$ 1,201	\$ 1,201	\$ -	\$ -	\$ 1,201
GE Capital Invest Direct	5,036,948	5,036,948	-	-	5,036,948
FFCB	1,971,400	-	-	1,971,400	1,971,400
FHLB	13,175,110	-	-	13,175,110	13,175,110
FHLMC Remic	1,060	-	-	1,060	1,060
Total	<u>\$ 20,185,719</u>	<u>\$ 5,038,149</u>	<u>\$ -</u>	<u>\$ 15,147,570</u>	<u>\$ 20,185,719</u>

The weighted average maturity of investments is 3.56 years.

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment. Unless matched to a specific cash flow requirement, the City will not directly invest in securities maturing more than ten years from the month of settlement.

Credit Risk: The City's investments, except for corporate notes and STAR Ohio, were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The GE Capital Invest Direct was rated A-1+ and P-1 by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The City's investment policy limits its investments to those authorized by Englewood Codified Ordinance 236.07. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy requires commercial paper, when purchased, to be rated at least P-1 by Moody's Investor Services and A-1 by Standard & Poor's and corporate notes and other debt which, when purchased, is rated AA or better by Moody's Investor Services and/or Standard & Poor's.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the City's name. The City's investment policy requires government securities, commercial paper, bankers' acceptances and money market securities to be settled in a delivery-versus-payment method. Book entry or physical securities shall be safekept by a third-party safekeeping agent, in the agent's Federal Reserve customer account, correspondent money center bank customer custody account or Depository Trust Corporation (DTC) customer custody account. Each delivery and safekeeping shall be evidenced by a safekeeping receipt.

Concentration of Credit Risk: The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of each investment type held by the City at December 31, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 1,201	0.01
GE Capital Invest Direct	5,036,948	24.94
FFCB	1,971,400	9.77
FHLB	13,175,110	65.27
FHLMC Remic	1,060	0.01
Total	<u>\$ 20,185,719</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,282,839
Investments	20,185,719
Cash on hand	600
Total	<u>\$ 21,469,158</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 15,817,594
Business type activities	5,649,815
Agency funds	1,749
Total	<u>\$ 21,469,158</u>

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 5 - INTERFUND TRANSFERS

- A. Interfund transfers for the year ended December 31, 2013, consisted of the following, as reported in the fund financial statements:

<u>Transfers to</u>	<u>Transfers from</u>		
	<u>General</u>	Nonmajor Governmental <u>Funds</u>	<u>Total</u>
Fire and rescue	\$ 358,000	\$ -	\$ 358,000
Police	2,800,000	-	2,800,000
Street	1,125,000	-	1,125,000
Capital improvement	1,360,000	200,513	1,560,513
Nonmajor governmental funds	<u>210,000</u>	-	<u>210,000</u>
Total	<u>\$ 5,853,000</u>	<u>\$ 200,513</u>	<u>\$ 6,053,513</u>

Transfers are made to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The tax incremental financing fund (a nonmajor governmental fund) transferred \$150,000 to the capital improvement fund to fund improvements made in the TIF District (See Note 8). The permissive tax fund (a nonmajor governmental fund) transferred \$50,513 to the capital improvement fund to fund road resurfacing projects and culvert replacement projects. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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

- B. The interfund balance at December 31, 2013 as reported on the fund financial statements consist of the following interfund loan receivable/payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Capital improvement	\$ 68,500

The primary purpose of the interfund loan is to cover capital expenditures in the capital improvement fund. The interfund balance will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds and internal service funds are eliminated on the government-wide financial statements; therefore, no internal balances between governmental funds and internal service funds at December 31, 2013 are reported on the statement of net position.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 6 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County collects property taxes on behalf of all taxing districts in the County, including the City of Englewood. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2013 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflow of resources since the current taxes were not levied to finance 2013 operations and the collection of delinquent taxes has been offset by deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2013 was \$10.59 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2013 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 198,626,940
Commercial/industrial/mineral	59,626,120
<u>Public utility</u>	
Personal	<u>3,954,880</u>
Total assessed value	<u>\$ 262,207,940</u>

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 7 - LOCAL INCOME TAX

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

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

Income tax proceeds are to be used to pay the cost of administering the tax. All remaining income tax revenue is then initially placed in the general fund. The use of all income tax proceeds is determined by City Council. Income tax revenue for 2013 was \$6,445,294 as reported in the fund financial statements.

NOTE 8 - TAX INCREMENT FINANCING DISTRICT (TIF)

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

PILOT revenue was \$392,737 in 2013 as reported in the fund financial statements. The TIF has a longevity of the shorter period of 30 years or until the public improvements are paid for. The property tax exemption then ceases; PILOT's cease and property taxes then apply to the increased property values.

NOTE 9 - RECEIVABLES

Receivables at December 31, 2013, 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, 2013.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 9 - RECEIVABLES - (Continued)

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

Governmental activities:

Income taxes	\$ 1,571,287
Real and other taxes	1,352,991
Payments in lieu of taxes	147,721
Accounts	313,941
Accrued interest	26,214
Special assessments	366,245
Due from other governments	564,582

Business-type activities:

Accounts	399,097
Special assessments	28,603
Due from other governments	61,589

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 10 - CAPITAL ASSETS

A. Capital asset activity for the governmental activities for the year ended December 31, 2013, was as follows:

	<u>Balance</u> <u>12/31/12</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/13</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 4,960,605	\$ 27,000	\$ (27,225)	\$ 4,960,380
Construction in progress	<u>-</u>	<u>64,680</u>	<u>-</u>	<u>64,680</u>
Total capital assets, not being depreciated	<u>4,960,605</u>	<u>91,680</u>	<u>(27,225)</u>	<u>5,025,060</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,978,949	76,946	(19,835)	3,036,060
Buildings and improvements	10,109,639	38,767	-	10,148,406
Furniture and equipment	3,525,840	283,767	(160,931)	3,648,676
Vehicles	2,972,110	520,607	(423,227)	3,069,490
Infrastructure	35,723,142	282,478	(321,911)	35,683,709
Computer software	<u>177,781</u>	<u>45,215</u>	<u>(5,250)</u>	<u>217,746</u>
Total capital assets, being depreciated	<u>55,487,461</u>	<u>1,247,780</u>	<u>(931,154)</u>	<u>55,804,087</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,907,339)	(136,372)	10,578	(2,033,133)
Buildings	(3,231,555)	(235,002)	-	(3,466,557)
Furniture and equipment	(2,001,277)	(233,868)	98,091	(2,137,054)
Vehicles	(2,209,170)	(164,876)	348,979	(2,025,067)
Infrastructure	(14,980,084)	(1,280,429)	300,617	(15,959,896)
Computer software	<u>(33,470)</u>	<u>(20,877)</u>	<u>5,250</u>	<u>(49,097)</u>
Total accumulated depreciation	<u>(24,362,895)</u>	<u>(2,071,424)</u>	<u>763,515</u>	<u>(25,670,804)</u>
Total capital assets, being depreciated	<u>31,124,566</u>	<u>(823,644)</u>	<u>(167,639)</u>	<u>30,133,283</u>
Governmental activities capital assets, net	<u>\$ 36,085,171</u>	<u>\$ (731,964)</u>	<u>\$ (194,864)</u>	<u>\$ 35,158,343</u>

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 10 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

General government	\$ 170,375
Security of persons and property	248,881
Public health	372
Transportation	1,417,812
Community environment	5,049
Leisure time activity	148,652
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>80,283</u>
Total depreciation expense - governmental activities	<u><u>\$ 2,071,424</u></u>

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 10 - CAPITAL ASSETS - (Continued)

B. Capital asset activity for the business-type activities for the year ended December 31, 2013 was as follows:

	Balance			Balance
<u>Business-type activities:</u>	12/31/12	Additions	Disposals	12/31/13
<i>Capital assets, not being depreciated:</i>				
Land	\$ 33,510	\$ -	\$ -	\$ 33,510
Construction in progress	-	86,815	-	86,815
Total capital assets, not being depreciated	<u>33,510</u>	<u>86,815</u>	<u>-</u>	<u>120,325</u>
<i>Capital assets, being depreciated:</i>				
Improvements other than buildings	1,122,648	10,918	-	1,133,566
Buildings and improvements	7,888,130	-	-	7,888,130
Equipment	4,421,977	177,912	(19,995)	4,579,894
Vehicles	255,308	16,754	-	272,062
Infrastructure	<u>23,222,607</u>	<u>307,965</u>	<u>(401)</u>	<u>23,530,171</u>
Total capital assets, being depreciated	<u>36,910,670</u>	<u>513,549</u>	<u>(20,396)</u>	<u>37,403,823</u>
<i>Less: accumulated depreciation:</i>				
Improvements other than buildings	(178,348)	(56,496)	-	(234,844)
Buildings and improvements	(3,945,487)	(178,768)	-	(4,124,255)
Equipment	(1,804,183)	(208,275)	19,757	(1,992,701)
Vehicles	(70,777)	(31,419)	-	(102,196)
Infrastructure	<u>(11,863,145)</u>	<u>(494,136)</u>	<u>238</u>	<u>(12,357,043)</u>
Total accumulated depreciation	<u>(17,861,940)</u>	<u>(969,094)</u>	<u>19,995</u>	<u>(18,811,039)</u>
Total capital assets, being depreciated, net	<u>19,048,730</u>	<u>(455,545)</u>	<u>(401)</u>	<u>18,592,784</u>
Business-type activities capital assets, net	<u>\$ 19,082,240</u>	<u>\$ (368,730)</u>	<u>\$ (401)</u>	<u>\$ 18,713,109</u>

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

Business-type activities

Water	\$ 494,256
Sewer	436,597
Solid Waste	21,487
Total depreciation expense - business-type activities	<u>\$ 952,340</u>

Depreciation expense for business-type activities differs from additions to accumulated depreciation during 2013 due to the transfer of assets with a cost of \$16,754 and accumulated depreciation of \$16,754 from governmental activities to business-type activities.

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 11 - OTHER EMPLOYEE BENEFITS

Deferred Compensation Plans

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

Compensated Absences

Accumulated Unpaid Vacation

City employees earn vacation leave at varying rates based upon length of service. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave. The total obligation for vacation leave for the City as a whole amounted to \$330,238 at December 31, 2013. 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 \$259,780 at December 31, 2013. 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 \$11,940 at December 31, 2013. Amounts are recorded as a fund liability and/or on the government-wide financial statements as applicable.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 12 - LONG-TERM OBLIGATIONS

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

	Balance			Balance		Amounts
	12/31/12	Additions	Reductions	12/31/13	Due in	
<u>Governmental activities:</u>					<u>One Year</u>	
<u>Other long-term obligations:</u>						
Compensated absences	\$ 475,507	\$ 317,299	\$ (321,104)	\$ 471,702		\$ 278,138
Total other long-term obligations	<u>\$ 475,507</u>	<u>\$ 317,299</u>	<u>\$ (321,104)</u>	<u>\$ 471,702</u>		<u>\$ 278,138</u>

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

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

	Balance			Balance		Amounts
	12/31/12	Additions	Reductions	12/31/13	Due in	
<u>Business-type activities:</u>					<u>One Year</u>	
<u>Other long-term obligations</u>						
Compensated absences	\$ 127,462	\$ 51,077	\$ (48,283)	\$ 130,256		\$ 36,125
Total other long-term obligations	<u>\$ 127,462</u>	<u>\$ 51,077</u>	<u>\$ (48,283)</u>	<u>\$ 130,256</u>		<u>\$ 36,125</u>

As of December 31, 2013, the City's overall legal debt margin (the ability to issue general obligation bonded debt) was \$27,537,903 and the unvoted debt margin was \$14,421,437.

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 13 - RISK MANAGEMENT

A. Comprehensive

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

Type of Coverage

1. Liability:

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

Limits: \$10,000,000 per occurrence. \$10,000,000 annual aggregate per member for Employment Practices Liability; Public Officials Errors and Omissions and Employee Benefits Liability combined; and Products/Completed Operations.

MVRMA self-insured \$500,000 per occurrence and obtained reinsurance from Government Entities Mutual, Inc. (GEM) for \$2.5 million excess of \$500,000, from Genesis for \$7 million excess of \$3 million.

2. Property:

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

Coverage excess of SIR provided by PEPiP USA. List of carriers underwriting the coverage provided upon request.

3. Flood - included in Property Policy

\$25 million/occurrence and annual aggregate
Sublimit: Flood Zone A & V - \$5 million/occurrence and annual aggregate
MVRMA SIR: \$100,000/occurrence excluding Flood Zones A & V
MVRMA SIR: \$250,000/occurrence Flood Zones A & V

4. Earthquake - included in Property Policy

\$25 million/occurrence and annual aggregate
MVRMA SIR: \$100,000/occurrence

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 13 - RISK MANAGEMENT - (Continued)

5. Boiler & Machinery - included in Property Policy

\$100,000/occurrence
MVRMA SIR: \$10,000 - \$350,000/occurrence

6. Cyber Liability - included in Property Policy

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

Third Party Liability:

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

First Party Computer Liability:

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

7. Pollution Liability - Claims Made and Reported Policy

Retroactive Date: Policy inception
Coverage excess SIR provided by ACE - Illinois Union Insurance Co.
\$1 million/pollution condition and aggregate with a \$200,000 sublimit for
Fungi & Legionella

MVRMA SIR: \$100,000/pollution condition (1/1/13 - 7/1/13);
\$75,000/pollution condition (7/1/13 - 12/31/13); \$750,000 underground
Storage tanks specific

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

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

B. Workers' Compensation

In 2013, the City participated in the Ohio Bureau of Workers' Compensation (Bureau) Group Rating Plan. The city pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

In 2013, the City participated in the Ohio Bureau of Workers' Compensation (Bureau) Group Retrospective Rating Plan through the Ohio Municipal League. The alternative rating program requires the City to pay Group administrative charges to the Bureau, and in turn the City assumes the responsibility of paying all claims incurred during the policy period for up to ten years. After the tenth year, the Bureau will assume any existing claim for its duration. The City will be charged an actuarial amount for the claims transferred to the Bureau. The City's stop-loss coverage through the plan is limited to \$100,000 per claim stop-loss coverage with an annual aggregate.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 13 - RISK MANAGEMENT - (Continued)

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

The claims liability is recorded based on an actuarial determination of future claims, review of five years of claim liabilities and claim payment trends including the settlement to the Bureau after the tenth year. Changes in claims activity for 2013 (for participation during 2012 in the retrospective rating plan) is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2013	\$ 9,991	\$ -	\$ (9,991)	\$ -
2012	10,913	9,991	(10,913)	9,991

C. Unemployment

The City is a reimbursing employer with the Ohio Department of Job and Family Services. This means that, in lieu of unemployment taxes, the City pays unemployment claims to the State of Ohio as incurred. Claims may be incurred when an employee experiences the loss of employment other than with the City of Englewood. In 2013, the City's contribution to unemployment benefits was immaterial.

D. Health, Dental and Life Insurance

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

The City offers a High Deductible Health Plan combined with a Health Savings Account (HSA Plan). For the plan year effective 9/1/13 - 8/31/14, the City pays 100% of the HSA Plan monthly premium of \$356.54 for single coverage and \$1,100.64 for family coverage. The City also makes quarterly contributions to the employee health savings accounts. The annual amount of City contributions to the health savings account is \$750 for single coverage and \$1,500 for family coverage. The City also offers a PPO for health insurance. The monthly premium is \$511 for single coverage and \$1,576 for family coverage. The employee portion of the monthly premium is \$76.65 for single coverage and \$236.40 for family coverage.

Dental insurance is offered through Superior Dental Care with a deductible of \$50 for single coverage and up to \$150 for family coverage. The City pays the majority of the monthly premium of \$26.52 for single coverage and \$83.25 for family coverage. The City also provides a minimum of \$25,000 life and AD&D insurance at no cost to the employees. Employees have the opportunity to purchase additional group rated health and life insurance benefits, with the full cost of the premiums paid by the employee via payroll deduction.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 14 - PENSION PLANS

A. Ohio Public Employees Retirement System

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

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and contribution rates were consistent across all three plans. The 2013 member contribution rates were 10.00% for members. The City's contribution rate for 2013 was 14.00% of covered payroll.

The City's contribution rate for pension benefits for members in the Traditional Plan for 2013 was 13.00%. The City's contribution rate for pension benefits for members in the Combined Plan for 2013 was 13.00%. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$384,075, \$278,238, and \$259,157, respectively; 91.70% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 pension liability has been reported as due to other governments on the basic financial statements. Contributions to the member-directed plan for 2013 were \$13,947 made by the City and \$9,963 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 14 - PENSION PLANS - (Continued)

Funding Policy - From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.00% of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, the City was required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute.

For 2013, the portion of the City's contributions to fund pension obligations was 14.81% for January 1, 2013 through May 31, 2013 and 16.65% for June 1, 2013 through December 31, 2013 for police officers and 19.31% for January 1, 2013 through May 31, 2013 and 21.15% for June 1, 2013 through December 31, 2013 for firefighters. The City's required contributions for pension obligations to OP&F for police officers and firefighters were \$230,055 and \$93,385 for the year ended December 31, 2013, \$179,155 and \$77,284 for the year ended December 31, 2012, and \$172,795 and \$79,663, for the year ended December 31, 2011. The full amount has been contributed for 2012 and 2011. 90.78% has been contributed for police and 89.62% has been contributed for firefighters for 2013. The remaining 2013 pension liability has been reported as due to other governments on the basic financial statements.

NOTE 15 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2013, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for 2013 was 1.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for 2013 was 1.00%.

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$29,531, \$111,295, and \$103,663, respectively; 91.70% has been contributed for 2013 and 100% has been contributed for 2012 and 2011. The remaining 2013 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

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

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

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

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

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

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 15 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 through May 31, 2013 and 2.85% of covered payroll from June 1, 2013 through December 31, 2013. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers and firefighters were \$52,353 and \$17,286 for the year ended December 31, 2013, \$94,847 and \$30,241 for the year ended December 31, 2012, and \$91,479 and \$31,173, for the year ended December 31, 2011. The full amount has been contributed for 2012 and 2011. 90.78% has been contributed for police and 89.62% has been contributed for firefighters for 2013. The remaining 2013 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>	<u>Fire and Rescue</u>	<u>Police</u>	<u>Street fund</u>
Budget basis	\$ 545,470	\$ (313,259)	\$ 105,918	\$ (142,876)
Net adjustment for revenue accruals	(318,453)	23,656	899	(1,759)
Net adjustment for expenditure accruals	(385,032)	26,893	29,206	7,003
Net adjustment for other sources/uses	367,968	-	-	-
Funds budgeted elsewhere	107,514	-	-	-
Adjustment for encumbrances	<u>63,694</u>	<u>29,700</u>	<u>33,742</u>	<u>99,088</u>
GAAP basis	<u>\$ 381,161</u>	<u>\$ (233,010)</u>	<u>\$ 169,765</u>	<u>\$ (38,544)</u>

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

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 17 - FUND BALANCE

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

Fund balance	General	Fire and Rescue Fund	Police Fund	Street Fund	Capital Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:							
Materials and supplies inventory	\$ -	\$ -	\$ -	\$ 104,385	\$ -	\$ -	\$ 104,385
Prepays	12,309	8,508	17,955	10,168	-	2,850	51,790
Total nonspendable	12,309	8,508	17,955	114,553	-	2,850	156,175
Restricted:							
Capital improvement	-	-	-	-	134,223	-	134,223
Street construction and maintenance	-	-	-	1,066,976	-	323,592	1,390,568
Public safety	-	359,655	211,752	-	-	185,759	757,166
Other purposes	-	-	-	-	-	198,416	198,416
Total restricted	-	359,655	211,752	1,066,976	134,223	707,767	2,480,373
Committed:							
Capital improvements	-	-	-	-	2,882,288	-	2,882,288
Total committed	-	-	-	-	2,882,288	-	2,882,288
Assigned:							
Street lighting	665,735	-	-	-	-	-	665,735
Earl Heck Community Center	182,250	-	-	-	-	-	182,250
General government	20,707	-	-	-	-	-	20,707
Public health	1,091	-	-	-	-	-	1,091
Community environment	21,873	-	-	-	-	-	21,873
Leisure time activities	6,793	-	-	-	-	-	6,793
Capital projects	-	-	-	-	3,322,529	-	3,322,529
Subsequent appropriations	1,302,813	-	-	-	-	-	1,302,813
Total assigned	2,201,262	-	-	-	3,322,529	-	5,523,791
Unassigned	4,833,592	-	-	-	-	-	4,833,592
Total fund balances	\$ 7,047,163	\$ 368,163	\$ 229,707	\$ 1,181,529	\$ 6,339,040	\$ 710,617	\$ 15,876,219

CITY OF ENGLEWOOD, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

NOTE 18 - COMMITMENTS

A. Contractual Commitments

As of December 31, 2013, the City had the following contractual commitments outstanding related to various City projects and purchases:

<u>Vendor</u>	<u>Amount of Contract</u>	<u>Amount Paid as of 12/31/2013</u>	<u>Remaining Commitment 12/31/2013</u>
Matre Arms and Ammunition	\$ 14,550	\$ (5,090)	\$ 9,460
Coate Construction	232,247	(111,509)	120,738
Doll-Layman Ltd.	19,433	(7,720)	11,713
Danny's Carpets, Inc.	17,194	-	17,194
Stephen Cambell and Associates	17,195	-	17,195
Miles Ahead Technology	99,000	(26,350)	72,650
Byers Chevrolet	85,000	-	85,000
Germain Ford	39,356	-	39,356
Valley Ford Truck	22,772	-	22,772
K.E. Rose Co.	60,450	-	60,450
Danny's Carpets, Inc.	7,307	-	7,307
Fire Safety Services	400,000	-	400,000
Balsbaugh Excavating	14,000	-	14,000
HD Supply Waterworks, Ltd.	35,000	-	35,000
Hazen and Sawyer	49,600	-	49,600
Creative Microsystems	<u>22,436</u>	<u>(12,429)</u>	<u>10,007</u>
Total	<u>\$1,135,540</u>	<u>\$ (163,098)</u>	<u>\$ 972,442</u>

B. Other Commitments

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 72,770
Fire and rescue	22,429
Police	31,547
Street	77,235
Capital improvement	809,526
Nonmajor governmental	<u>12,728</u>
Total	<u>\$ 1,026,235</u>

CITY OF ENGLEWOOD, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE 19 - CONTINGENCIES

A. Grants

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2013.

B. Litigation

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



Julian & Grube, Inc.

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

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

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Englewood, Montgomery County, Ohio as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City of Englewood's basic financial statements and have issued our report thereon dated May 23, 2014.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City of Englewood's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Members of Council and Mayor
City of Englewood

Compliance and Other Matters

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

Purpose of this Report

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



Julian & Grube, Inc.
May 23, 2014

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Dave Yost • Auditor of State

CITY OF ENGLEWOOD

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 24, 2014**