

**CITY OF ENGLEWOOD**

*General Purpose  
Financial Statements*  
(Audited)

For The Year Ended  
December 31, 2001

**MR. ROBERT W. FORTMAN, FINANCE DIRECTOR**





STATE OF OHIO  
OFFICE OF THE AUDITOR

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

We have reviewed the Independent Auditor's Report of the City of Englewood, Montgomery County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO  
Auditor of State

June 18, 2002

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# CITY OF ENGLEWOOD

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# TRIMBLE, JULIAN & GRUBE, INC.

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## Independent Auditor's Report

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

We have audited the accompanying general purpose financial statements of the City of Englewood, Montgomery County, Ohio, (the "City"), as of and for the year ended December 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

As disclosed in Note 3 to the general purpose financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions and GASB Statement No. 36, Recipient Reporting for Certain Shared Nonexchange Revenues, an amendment of GASB Statement No. 33.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Englewood, Montgomery County, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Trimble, Julian & Grube, Inc.  
April 17, 2002

CITY OF ENGLEWOOD  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS -  
 DECEMBER 31, 2001

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES			FIDUCIARY FUND TYPES			ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	INTERNAL SERVICE	AGENCY	GENERAL	FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS			
Assets and Other Debits													
Assets:													
Equity in Pooled Cash and Cash Equivalents	\$2,424,531	\$1,301,892	\$6,035,075	\$ -	\$ 2,539,993	\$ 502,956	\$ 4,482	\$ -	\$ -	\$ -	\$ -	\$ 12,808,929	
Cash and Cash Equivalents with Fiscal Agents	-	-	-	5,916	153	-	-	-	-	-	-	6,069	
Receivables:													
Taxes	1,134,902	793,131	-	-	-	-	-	-	-	-	-	1,928,033	
Accounts	-	187,907	-	-	295,310	1,839	-	-	-	-	-	485,056	
Special Assessments	48,824	-	29,019	-	1,287	-	-	-	-	-	-	79,130	
Accrued Interest	145,377	-	-	-	-	-	-	-	-	-	-	145,377	
Intergovernmental	464,735	146,037	555,734	-	-	2,273	-	-	-	-	-	1,168,779	
Supplies Inventory	-	26,025	-	-	163,064	24,156	-	-	-	-	-	213,245	
Interfund Receivable	-	-	135,406	-	-	-	-	-	-	-	-	135,406	
Fixed Assets (net of accumulated depreciation, where applicable)	-	-	-	-	18,111,838	1,933,076	-	13,066,137	-	-	-	33,111,051	
Other Debits:													
Amount to be Provided for Retirement of General Long Term Obligations	-	-	-	-	-	-	-	-	-	347,271	-	347,271	
Total Assets and Other Debits	\$4,218,369	\$2,454,992	\$6,755,234	\$ 5,916	\$21,111,645	\$ 2,464,300	\$ 4,482	\$13,066,137	\$ -	\$ 347,271	\$ -	\$ 50,428,346	

(continued)



CITY OF ENGLEWOOD  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS -  
 DECEMBER 31, 2001  
 (Continued)

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPES			FIDUCIARY FUND TYPES		ACCOUNT GROUPS			TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	DEBT SERVICE	ENTERPRISE	INTERNAL SERVICE	AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS				
<b>Liabilities, Fund Equity and Other Credits</b>													
<b>Liabilities:</b>													
Accounts Payable	\$ 17,586	\$ 27,289	\$ 84,437	\$ -	\$ 101,690	\$ 3,218	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 234,220
Contracts Payable	-	-	-	-	57,583	-	-	-	-	-	-	-	57,583
Contracts Payable-Retainage	-	-	-	-	12,672	-	-	-	-	-	-	-	12,672
Accrued Salaries Payable	7,051	44,697	-	-	9,918	2,495	-	-	-	-	-	-	64,161
Accrued Interest Payable	-	-	13,416	-	15,688	-	-	-	-	-	-	-	29,104
Intergovernmental Payable	23,262	28,273	-	-	9,574	2,558	-	-	-	54,468	-	-	118,135
Interfund Payable	135,406	-	-	-	-	-	-	-	-	-	-	-	135,406
Undistributed Monies	-	-	-	-	-	-	4,482	-	-	-	-	-	4,482
Deferred Revenue	860,212	1,027,702	71,966	-	1,287	-	-	-	-	-	-	-	1,961,167
Compensated Absences Payable	1,555	18,183	-	-	136,370	20,249	-	-	292,803	-	-	-	469,160
Matured Bonds Payable	-	-	-	5,000	-	-	-	-	-	-	-	-	5,000
Matured Interest Payable	-	-	-	916	153	-	-	-	-	-	-	-	1,069
Bond Anticipation Notes Payable	-	-	2,600,000	-	400,000	-	-	-	-	-	-	-	3,000,000
Revenue Bonds Payable	-	-	-	-	725,000	-	-	-	-	-	-	-	725,000
<b>Total Liabilities</b>	<b>1,045,072</b>	<b>1,146,144</b>	<b>2,769,819</b>	<b>5,916</b>	<b>1,469,935</b>	<b>28,520</b>	<b>4,482</b>	<b>-</b>	<b>347,271</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,817,159</b>
<b>Fund Equity and Other Credits:</b>													
Investment in General Fixed Assets	-	-	-	-	-	-	-	13,066,137	-	-	-	-	13,066,137
Contributed Capital	-	-	-	-	18,142,207	781,578	-	-	-	-	-	-	18,923,785
<b>Retained Earnings:</b>													
Unreserved	-	-	-	-	1,499,503	1,654,202	-	-	-	-	-	-	3,153,705
<b>Fund Balances:</b>													
Reserved for Encumbrances	421,599	83,885	328,410	-	-	-	-	-	-	-	-	-	833,894
Reserved for Supplies Inventory	-	26,025	-	-	-	-	-	-	-	-	-	-	26,025
Unreserved:													
Unreserved/Undesignated	2,751,698	1,198,938	3,657,005	-	-	-	-	-	-	-	-	-	7,607,641
<b>Total Fund Equity and Other Credits</b>	<b>3,173,297</b>	<b>1,308,848</b>	<b>3,985,415</b>	<b>-</b>	<b>19,641,710</b>	<b>2,435,780</b>	<b>-</b>	<b>13,066,137</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>43,611,187</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$ 4,218,369</b>	<b>\$ 2,454,992</b>	<b>\$ 6,755,234</b>	<b>\$ 5,916</b>	<b>\$ 21,111,645</b>	<b>\$ 2,464,300</b>	<b>\$ 4,482</b>	<b>\$ 13,066,137</b>	<b>\$ 347,271</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 50,428,346</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CITY OF ENGLEWOOD  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES -  
 ALL GOVERNMENTAL FUND TYPES -  
 FOR THE YEAR ENDED DECEMBER 31, 2001

	GOVERNMENTAL FUND TYPES			TOTAL (MEMORANDUM ONLY)
	GENERAL	SPECIAL REVENUE	CAPITAL PROJECTS	
Revenues:				
Municipal Income Taxes	\$ 4,465,594	\$ -	\$ -	\$ 4,465,594
Property and Other Taxes	781,509	751,688	-	1,533,197
Intergovernmental	871,623	893,996	1,816,122	3,581,741
Special Assessments	8,338	237	49,300	57,875
Charges for Services	123,878	253,508	-	377,386
Fines, Licenses and Permits	77,599	50,565	-	128,164
Interest	848,922	315	-	849,237
Other	18,707	27,535	8,948	55,190
Total Revenues	<u>7,196,170</u>	<u>1,977,844</u>	<u>1,874,370</u>	<u>11,048,384</u>
Expenditures:				
Current:				
Security of Persons and Property	-	3,228,810	-	3,228,810
Public Health Services	3,734	-	-	3,734
Leisure Time Activities	68,872	114,810	-	183,682
Community Environment	371,978	-	-	371,978
Transportation	-	1,257,559	-	1,257,559
General Government	1,039,158	-	293,341	1,332,499
Capital Outlay	-	472,108	4,371,996	4,844,104
Debt Service:				
Interest & Fiscal Charges	-	-	13,416	13,416
Total Expenditures	<u>1,483,742</u>	<u>5,073,287</u>	<u>4,678,753</u>	<u>11,235,782</u>
Excess of Revenues Over (Under) Expenditures	<u>5,712,428</u>	<u>(3,095,443)</u>	<u>(2,804,383)</u>	<u>(187,398)</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Fixed Assets	-	24,795	112,853	137,648
Operating Transfers - In	-	3,452,615	3,365,697	6,818,312
Operating Transfers - Out	(5,428,697)	(304,615)	(1,335,000)	(7,068,312)
Total Other Financing Sources (Uses)	<u>(5,428,697)</u>	<u>3,172,795</u>	<u>2,143,550</u>	<u>(112,352)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	283,731	77,352	(660,833)	(299,750)
Fund Balances at Beginning of Year (Restated)	2,889,566	1,224,068	4,652,739	8,766,373
Increase in Reserve for Inventory	-	7,428	-	7,428
Residual Equity Transfer Out	-	-	(6,491)	(6,491)
Fund Balances at End of Year	<u>\$ 3,173,297</u>	<u>\$ 1,308,848</u>	<u>\$ 3,985,415</u>	<u>\$ 8,467,560</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CITY OF ENGLEWOOD  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS) -  
 ALL GOVERNMENTAL FUND TYPES -  
 FOR THE YEAR ENDED DECEMBER 31, 2001

	GENERAL FUND			SPECIAL REVENUE FUNDS			CAPITAL PROJECT FUNDS			DEBT SERVICE FUND			TOTAL (MEMORANDUM ONLY)		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>Revenues:</b>															
Municipal Income Taxes	\$ 4,155,000	\$ 4,428,059	\$ 273,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,155,000	\$ 4,428,059	\$ 273,059
Property and Other Taxes	753,010	786,629	33,619	723,400	751,688	28,288	723,400	751,688	28,288	-	-	-	1,476,410	1,538,317	61,907
Intergovernmental	765,156	733,311	(31,845)	880,405	894,108	13,703	2,078,064	1,765,409	(312,655)	-	-	-	3,723,625	3,392,828	(330,797)
Special Assessments	15,500	8,338	(7,162)	50	237	187	23,200	49,300	26,100	-	-	-	38,750	57,875	19,125
Charges for Services	116,500	123,678	7,178	8,800	207,138	198,338	183,338	207,138	218,800	-	-	-	125,500	330,816	205,316
Fees, Licenses and Permits	87,980	77,599	(10,381)	35,700	50,665	14,865	115	14,865	14,865	-	-	-	123,680	128,164	4,484
Interest	625,000	872,551	247,551	200	315	115	115	315	200	-	-	-	625,200	872,866	247,666
Donations	-	-	-	500	-	(500)	-	-	-	-	-	-	500	-	(500)
Other	13,500	18,707	5,207	13,696	27,535	13,839	13,839	27,535	13,839	-	-	-	27,196	55,190	27,994
Total Revenues	6,531,646	7,048,872	517,226	1,662,151	1,931,586	268,835	2,101,264	1,823,657	(277,607)	-	-	-	10,295,661	10,804,115	508,454
<b>Expenditures:</b>															
Current:															
Society of Persons and Property	-	-	-	3,450,813	3,266,329	184,484	-	-	-	-	-	-	3,450,813	3,266,329	184,484
Public Health Services	7,350	41,184	33,834	-	-	-	-	-	-	-	-	-	7,350	41,184	33,834
Leisure Time Activities	106,766	71,845	34,921	123,754	115,830	7,924	-	-	-	-	-	-	230,520	187,675	42,845
Community Environment	368,038	376,172	(8,134)	-	-	-	-	-	-	-	-	-	368,038	376,172	(8,134)
Basic Utility Services	50,000	-	50,000	-	-	-	-	-	-	-	-	-	50,000	-	50,000
Transportation	-	-	-	1,377,299	1,304,178	73,121	-	-	-	-	-	-	1,377,299	1,304,178	73,121
General Government	1,027,835	1,453,645	425,810	-	-	-	384,694	388,520	(3,826)	-	-	-	2,012,259	1,842,165	170,094
Capital Outlay	-	-	-	642,599	512,583	130,016	-	-	-	-	-	-	6,959,538	5,142,345	1,797,193
Debt Service:															
Principal Retirement	-	-	-	-	-	-	-	-	-	-	-	-	895,000	895,000	-
Interest and Fiscal Charges	-	-	-	-	-	-	-	-	-	-	-	-	82,475	77,475	5,000
Total Expenditures	2,159,989	1,905,846	254,143	5,594,465	5,198,920	395,545	6,681,633	5,018,282	1,663,351	-	-	-	15,413,562	13,095,523	2,318,039
Excess of Revenues Over (Under) Expenditures	4,371,657	5,143,026	771,369	(3,931,714)	(3,267,334)	664,380	(4,580,369)	(3,194,625)	1,385,744	-	-	-	(5,117,901)	(2,291,408)	2,826,493
<b>Other Financing Sources (Uses):</b>															
Proceeds from Sale of Notes	-	-	-	-	-	-	254,857	2,600,000	2,345,143	-	-	-	254,857	2,600,000	2,345,143
Proceeds from Sale of Land	-	-	-	-	-	-	200,000	112,853	(87,147)	-	-	-	200,000	112,853	(87,147)
Proceeds from Sale of Fixed Assets	-	-	-	6,800	24,795	17,995	-	-	-	-	-	-	6,800	24,795	17,995
Advances - In	-	400,000	400,000	3,539,850	3,452,615	(87,235)	400,500	400,000	-	-	-	-	400,000	400,000	-
Operating Transfers - In	(550,000)	(800,000)	(250,000)	3,539,850	3,452,615	(87,235)	3,238,800	3,452,615	213,815	-	-	-	3,539,850	3,452,615	(87,235)
Operating Transfers - Out	(5,418,000)	(5,418,000)	-	(311,850)	(304,615)	(7,235)	(1,657,000)	(1,335,000)	322,000	-	-	-	(950,000)	(860,000)	(90,000)
Total Other Financing Sources (Uses)	(6,988,000)	(5,418,000)	(1,570,000)	3,234,800	3,122,995	(111,805)	2,138,155	4,732,833	2,594,698	-	-	-	(2,816,850)	(2,057,615)	759,235
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,616,343)	(274,974)	1,751,369	(696,914)	(94,539)	602,375	(2,442,214)	1,538,228	3,980,442	-	-	-	(5,165,471)	1,168,715	6,334,186
Fund Balances at Beginning of Year	1,756,886	1,756,886	-	949,546	949,546	-	3,073,560	3,073,560	500	-	-	-	5,779,992	5,779,992	-
Residual Equity Transfer - In	-	-	-	-	-	-	-	500	500	-	-	-	-	500	500
Residual Equity Transfer - Out	488,288	488,288	-	326,163	326,163	-	1,016,933	1,016,933	(6,991)	-	-	-	1,831,384	1,831,384	(6,991)
Prior Year Encumbrances Appropriated	-	-	-	578,795	578,795	-	1,648,279	1,648,279	562,230	-	-	-	2,445,905	2,445,905	-
Fund Balances at End of Year	2,188,311	1,970,200	(218,111)	1,751,369	1,181,170	(570,199)	602,375	5,622,230	3,973,951	-	-	-	2,445,905	8,773,600	6,327,695

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CITY OF ENGLEWOOD  
 COMBINED STATEMENT OF REVENUES, EXPENSES AND  
 CHANGES IN RETAINED EARNINGS -  
 ALL PROPRIETARY FUND TYPES -  
 FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>PROPRIETARY FUND TYPES</u>		<u>TOTAL (MEMORANDUM ONLY)</u>
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	
Operating Revenues:			
Charges for Services	\$ 2,598,316	\$ 1,010,918	\$ 3,609,234
Tap-In Fees	84,276	-	84,276
Other	62,022	6,716	68,738
Total Operating Revenues	<u>2,744,614</u>	<u>1,017,634</u>	<u>3,762,248</u>
Operating Expenses:			
Personal Services	669,588	184,394	853,982
Contractual Services	987,680	151,695	1,139,375
Supplies and Materials	289,168	194,362	483,530
Claims	-	429,781	429,781
Depreciation	664,522	82,056	746,578
Total Operating Expenses	<u>2,610,958</u>	<u>1,042,288</u>	<u>3,653,246</u>
Operating Income/(Loss)	<u>133,656</u>	<u>(24,654)</u>	<u>109,002</u>
Non-Operating Revenues (Expenses):			
Other Revenues	408,279	650	408,929
Interest	3,430	-	3,430
Grants	14,625	-	14,625
Interest and Fiscal Charges	(68,858)	-	(68,858)
Loss on Disposal of Fixed Assets	(223)	(15,000)	(15,223)
Total Non-Operating Revenues (Expenses)	<u>357,253</u>	<u>(14,350)</u>	<u>342,903</u>
Net Income (Loss) Before Operating Transfer	490,909	(39,004)	451,905
Operating Transfer - In	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Net Income (Loss)	740,909	(39,004)	701,905
Retained Earnings at Beginning of Year	752,103	1,693,206	2,445,309
Residual Equity Transfer - In	6,491	-	6,491
Retained Earnings at End of Year	<u>\$ 1,499,503</u>	<u>\$ 1,654,202</u>	<u>\$ 3,153,705</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CITY OF ENGLEWOOD  
 COMBINED STATEMENT OF CASH FLOWS -  
 ALL PROPRIETARY FUND TYPES -  
 FOR THE YEAR ENDED DECEMBER 31, 2001

	PROPRIETARY FUND TYPES		TOTAL (MEMORANDUM ONLY)
	ENTERPRISE	INTERNAL SERVICE	
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 2,767,637	\$ 6,465	\$ 2,774,102
Cash Received from Quasi-External Transactions with Other Funds	-	1,009,272	1,009,272
Cash Payments to Employees for Services and Benefits	(655,974)	(182,450)	(838,424)
Cash Payments to Suppliers for Goods and Services	(1,150,783)	(345,051)	(1,495,834)
Cash Payments for Employee Medical and Life Insurance Claims	-	(430,141)	(430,141)
Net Cash Provided by Operating Activities	960,880	58,095	1,018,975
Cash Flows from Noncapital Financing Activities:			
Grants	14,625	-	14,625
Residual Equity Transfer - In	6,491	-	6,491
Operating Transfer - In	250,000	-	250,000
Net Cash Provided by Noncapital Financing Activities	271,116	-	271,116
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(811,569)	(61,289)	(872,858)
Proceeds from Sale of Notes	400,000	-	400,000
Principal Paid on Revenue Bonds Payable	(95,000)	-	(95,000)
Interest Paid on Revenue Bonds Payable	(40,675)	-	(40,675)
Principal Paid on Notes	(800,000)	-	(800,000)
Interest Paid on Notes	(36,800)	-	(36,800)
Capital Contributions	408,279	650	408,929
Net Cash Used In Capital and Related Financing Activities	(975,765)	(60,639)	(1,036,404)
Cash Flows from Investing Activities:			
Interest and Dividends on Investments	3,430	-	3,430
Net Cash Provided by Investing Activities	3,430	-	3,430
Net Increase (Decrease) in Cash and Cash Equivalents	259,661	(2,544)	257,117
Cash and Cash Equivalents Beginning of Year	2,280,332	505,500	2,785,832
Cash and Cash Equivalents End of Year	\$ 2,539,993	\$ 502,956	\$ 3,042,949

(Continued)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CITY OF ENGLEWOOD  
 COMBINED STATEMENT OF CASH FLOWS -  
 ALL PROPRIETARY FUND TYPES -  
 FOR THE YEAR ENDED DECEMBER 31, 2001  
 (Continued)

	<u>PROPRIETARY FUND TYPES</u>		TOTAL (MEMORANDUM ONLY)
	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	
Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 133,656	\$ (24,654)	\$ 109,002
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities			
Depreciation	664,522	82,056	746,578
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	15,807	(1,839)	13,968
Increase in Intergovernmental Receivable	0	(58)	(58)
Decrease in Supplies Inventory	20,271	3,215	23,486
Increase (Decrease) in Accounts Payable	89,495	(2,569)	86,926
Increase in Contracts Payable	10,843	0	10,843
Increase in Contracts Payable - Retainage	12,672	0	12,672
Increase in Accrued Salaries	808	193	1,001
Decrease in Intergovernmental Payable	(2,597)	(542)	(3,139)
Increase in Compensated Absences Payable	15,403	2,293	17,696
Net Cash Provided by Operating Activities	<u>\$ 960,880</u>	<u>\$ 58,095</u>	<u>\$ 1,018,975</u>

Noncash Capital Financing Activities:

- 1) Developers contributed \$173,760 in water lines and \$178,600 in sewer lines in 2001, which are recorded as non-operating revenues.
- 2) Water meters contributed by customers in 2001 were \$7,216, which is recorded as non-operating revenues.
- 3) Other funds of the City contributed \$29,210 to the Water Fund for construction of water lines, which is recorded as non-operating revenues.
- 4) Issue II monies in the amount of \$19,493 were used in the Sewer Fund for the biosolids project, which is recorded as non-operating revenues.
- 5) Other funds of the City contributed \$650 to the Government Center Fund for equipment, which is recorded as non-operating revenues.

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**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 general purpose financial statements (GPFS) of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the City's accounting policies are described below.

Reporting Entity

The City's reporting entity has been defined according to GASB Statement No. 14, "The Financial Reporting Entity".

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading.

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

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing body and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt or the levying of taxes.

Basis of Presentation - Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types:

General Fund - This fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.



CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditure for specific purposes.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term and special assessment debt principal and interest.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Fund Types

The proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector. The following are the City's proprietary fund types:

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be recovered or financed primarily through user charges or where it has been decided that a periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - These funds are used to 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.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and other funds. They include agency funds which are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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

Account Groups

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is used to account for all general fixed assets of the City other than those accounted for in proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is used to account for all unmatured general long-term indebtedness of the City that is not a specific liability of the proprietary or trust funds, including special assessment debt for which the City is obligated in some manner.

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

Measurement Focus and Basis of Accounting

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Differences between the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the reporting of expenses and expenditures.

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal 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 property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal 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: interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fines and forfeitures, fees and special assessments.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of December 31, 2001, but which were levied to finance year 2002 operations, have been recorded as deferred revenues. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**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. On the modified accrual basis of accounting, 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.

Budgets and Budgetary Accounting

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, certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the transfers, advances, and total of all other expenditures for all funds. Budgetary modification may be made only by resolution of the City Council.

Budget

A tax budget of estimated revenues and expenditures for all funds 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.

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and revises estimated revenues. The commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue collected is greater or less than the current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2001.

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about January 1 of each year for the period from January 1 to March 31. The annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance generally controls expenditures at the total transfers, total advances, and all other expenditures for all funds and may be amended or supplemented only by council during the year as required. During the year several supplemental appropriation measures were legally passed. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent-year expenditure for governmental funds and reported in the notes to the financial statements for proprietary funds.

CITY OF ENGLEWOOD  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2001

**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. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not reappropriated.

Cash and Cash Equivalents

Cash balances of the City's funds, except cash held by a fiscal agent, 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 Cash Equivalents" on the combined balance sheet. Investments are stated at cost which approximates fair value. For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments with original maturities of three months or less and investments of the cash management pool are considered to be cash equivalents.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the General fund during 2001 for the General fund amounted to \$848,922. The \$848,922 included \$743,119 assigned from other funds of the City (See Note 5).

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

Calculation of the Net Increase in the Fair Value of Investments – Aggregate Method

Fair value at December 31, 2001	\$ 11,682,058
Add: Proceeds of investments sold and matured 2001	14,631,838
Less: Cost of investments purchased	(17,233,059)
Less: Fair value at December 31, 2000	<u>(9,126,752)</u>
Change in fair value of investments	<u>\$ (45,915)</u>

An analysis of the Treasurer's investment account at year end is provided in Note 5.

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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

Supplies Inventory

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. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Short-Term Interfund Receivables/Payables

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables." The City had no "due to or due from receivables/payables" at December 31, 2001.

Fixed Assets and Depreciation

The fixed asset values were initially determined at December 31, 1990 assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. For certain fixed assets, the estimates were determined by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at fair value on the date donated.

General Fixed Assets

General fixed assets (fixed assets used in governmental fund type operations) are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Assets in the general fixed assets account group are not depreciated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency are capitalized at cost in the general fixed assets account group.

Public domain (infrastructure) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized or reported, as these assets are immovable and of value only to the government.

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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

Proprietary Fund Fixed Assets

Fixed assets associated with the enterprise funds are accounted for in those funds. Depreciation is calculated using the straight line method over the assets' estimated useful life. The assets of the enterprise funds are depreciated on the following basis:

Improvements to Land	15-20 years
Buildings	20-45 years
Machinery and Equipment	5-30 years
Vehicles	3-10 years
Infrastructure:	
Sewer and Water Lines and Underground Piping	50 years

Compensated Absences

Vacation leave accumulated by employees is accrued as a liability as the benefits are earned when both of these conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

A liability for sick leave is accrued based on guidelines set forth in GASB Statement No. 16 "Accounting for Compensated Absences". The vesting method was implemented and states that the City will estimate its liability based on sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as specified by the retirement system as well as other employees who are expected to become eligible in the future to receive such payments.

For governmental funds, the City provides a liability for accumulated, unpaid vacation time and sick leave for eligible employees in the period in which the employee becomes eligible to receive payment. The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. This amount is recorded as a fund liability, while the balance of the liability is recorded in the general long-term obligations account group.

In proprietary funds, compensated absences are expensed when earned. The entire amount of unpaid compensated absences is reported as a fund liability.



CITY OF ENGLEWOOD  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2001

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

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations are reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Obligation Bond Retirement (Debt Service Fund)
Revenue Bonds	Water and Sewer Enterprise Funds
Compensated Absences	Will be paid by the fund from which the employees salary is paid
Intergovernmental Payable Pension Contributions	Are being paid from the fund which salaries are being paid.

Contributed Capital

Proprietary fund type contributed capital is recorded at the fair market value of the related assets at the date received. Depreciation on contributed fixed assets resulting from grants, entitlements and shared revenues is recorded as an operating expense and closed along with other operating expenses directly to retained earnings. Due to the implementation of GASB 33 there were no additions to contributed capital in 2001.

Reservations and Designation of Fund Equity

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriation or expenditure or the portion of fund balance that is legally segregated for a specific future use. Fund balances have been reserved for encumbrances and supplies inventory.

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions are reported as operating transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. Residual equity transfers also include a return of equity from a fund that is being closed. All other interfund transfers are reported as operating transfers.

Estimates

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

Total Columns on General Purpose Financial Statements

Total columns on the General Purpose Financial Statements overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 - ACCOUNTABILITY, COMPLIANCE AND PRIOR PERIOD ADJUSTMENT**

Change in Accounting Principles

GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions and GASB Statement No. 36 Recipient Reporting for Certain Shared Nonexchange Revenues, an amendment of GASB Statement No. 33 were implemented during 2001. These statements pertain to the financial reporting of certain types of revenue received by the City for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions and voluntary nonexchange transactions.

CITY OF ENGLEWOOD  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 3 - ACCOUNTABILITY, COMPLIANCE AND PRIOR PERIOD ADJUSTMENT -  
 (Continued)**

Prior Period Adjustment

The City is restating cash and cash equivalents as of January 1, 2001 to properly reflect fair values as of December 31, 2000.

The adoption of GASB Statements No. 33 and No. 36 and the prior period adjustment had the following effect on fund balances as previously reported by the City at December 31, 2000:

	<u>General</u>	<u>Capital Projects</u>
Fund balances as previously reported	\$2,823,862	\$4,445,221
GASB No. 33 and No. 36 implementation	-	207,518
Prior Period Adjustment	65,704	-
Restated fund balances as of January 1, 2001	<u>\$2,889,566</u>	<u>\$4,652,739</u>

**NOTE 4 - BUDGET TO GAAP RECONCILIATION**

Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law requires accounting for certain transactions on the basis of cash receipts, disbursements, appropriations and encumbrances. The Ohio Revised Code prohibits expenditures from exceeding appropriations.

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget and Actual (Budget Basis) All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year-end encumbrances are treated as expenditures/expenses (budget basis) rather than as a reservation of fund balance for governmental fund types or note disclosure for proprietary fund types (GAAP basis).

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 4 - BUDGET TO GAAP RECONCILIATION - (Continued)**

4. Proceeds from and principal payments on debt obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The adjustments necessary to convert the results of operations for the year ended December 31, 2001 on the GAAP basis to the budget basis are as follows:

**Excess of Revenues and  
Other Financing Sources Over/(Under)  
Expenditures and Other Financing (Uses)**

	Governmental Fund Types			
	General Fund	Special Revenue	Capital Projects	Debt Service
GAAP Basis	\$ 283,731	\$ 77,352	\$ (660,833)	\$ 0
Revenue Accruals	(147,298)	(46,258)	(50,713)	0
Expenditure Accruals	17,081	(4,909)	59,901	0
Encumbrances	(439,185)	(120,724)	(412,846)	0
Debt Principal Payments	0	0	0	(895,000)
Debt Interest Payments	0	0	13,416	(77,475)
Proceeds of Notes	0	0	2,600,000	0
Transfers	<u>10,697</u>	<u>0</u>	<u>(10,697)</u>	<u>972,475</u>
Budget Basis	<u><u>\$(274,974)</u></u>	<u><u>\$ (94,539)</u></u>	<u><u>\$1,538,228</u></u>	<u><u>\$ 0</u></u>

**NOTE 5 - DEPOSITS AND INVESTMENTS**

Policies and Procedures

Monies of substantially all funds of the City are maintained or invested in a common group of bank accounts and in investments that mature or are redeemable within ten years. This is done in order to maximize the rate of interest that can be earned on invested funds. Interest income is distributed to the funds according to the charter and statutory requirements.

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)**

The investment and deposit of City monies are governed by the provisions of the Charter and Codified Ordinances of the City and the Ohio Revised Code. In accordance with these provisions, only financial institutions located in Ohio or primary securities dealers as designated by the Federal Reserve Bank of New York or securities brokers that are registered members of the National Association of Security Dealers are eligible to hold public deposits. The provisions also permit the City to invest its monies in negotiable and nonnegotiable certificates of deposit, bankers acceptances, commercial paper, money market accounts, the State Treasurer's investment pool (STAR OHIO) and obligations of the United States government or certain agencies thereof. The City may also enter into repurchase agreements with any eligible depository.

Public depositories must give security for all public funds on deposit. According to the City's Deposit and Investment Policy, these institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities, the face value of which is at least 110 percent of the total value of public monies on deposit at the institution. State law does not require that security for public deposits be maintained in the name of the City.

Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement.

Deposits

At year-end, the carrying amount of the City's deposits was \$1,126,871 and the bank balance was \$1,081,158. Of the bank balance \$200,000 was covered by federal deposit insurance. The remaining amounts were uninsured and uncollateralized as defined by GASB Statement No. 3 because the securities held as collateral by the financial institutions or their trust departments or agencies were in the financial institutions' names. As authorized by state statute, the pledging bank has established an investment and securities pool to collateralize all public deposits.

Investments

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the City's investments be classified in categories of risk. Category 1 includes investments that are insured or registered or for which the securities are held by the City. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the City's name.

CITY OF ENGLEWOOD  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)**

	Category 2	Fair Value
Certificates of Deposit	\$ 148,000	\$ 148,000
Government Securities	<u>11,534,058</u>	<u>11,534,058</u>
<b>Total</b>	<b><u>\$11,682,058</u></b>	<b><u>\$11,682,058</u></b>

The classification of cash and cash equivalents, and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. Cash equivalents are defined to include investments with original maturities of three months or less.

A reconciliation between classifications of cash and investments on the financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$ 12,808,929	\$ 0
Investments:		
Certificates of Deposit	(148,000)	148,000
Government Securities	<u>(11,534,058)</u>	<u>11,534,058</u>
<b>Total</b>	<b><u>\$ 1,126,871</u></b>	<b><u>\$11,682,058</u></b>

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. The last revaluation was completed in 1999. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by July 20.

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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

Taxes collected on tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values listed on December 31 of the prior year, and at tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20.

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. Certain public utility tangible personal property currently is assessed at 88 percent of its true value; public utility real property is assessed at 35 percent of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Englewood. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2001 was \$10.59 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

Real Property Tax Assessed Valuation	\$201,314,120
Public Utility Tangible Personal Property Assessed Valuation	5,625,150
Tangible Personal Property Assessed Valuation	<u>18,910,374</u>
Total	<u>\$225,849,644</u>

Property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2001. Although total property tax collections for the next year are measurable, they are generally not collected during the available period. The exception to this is any advances received by the City in the first thirty-one days of the year are credited as property tax revenues with the remainder being credited to deferred revenue.

CITY OF ENGLEWOOD  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 7 - 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 income tax revenue is initially placed in the General Fund. At least twenty eight and one half percent of income tax collected must be transferred to the Capital Improvement Capital Projects Fund to be used for capital improvements. All other income tax proceeds are left in the General Fund with the use of these monies being determined by City Council. Income tax revenue for 2001 was \$4,465,594.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2001 consisted of taxes, intergovernmental receivables arising from grants, entitlements and shared revenues, special assessments, interest on investments, EMS billing and utility accounts. The special assessment receivable in the enterprise funds relates to a water main project for which there is no outstanding debt. All receivables are considered fully collectible except utility accounts which are estimated to be one percent uncollectible.

<u>Utility Accounts Receivable</u>	<u>Estimated Uncollectible</u>	<u>Net Receivable</u>
\$298,261	\$2,951	\$295,310

A summary of intergovernmental receivables follows:

GENERAL FUND

Local Government Assistance	\$191,697
Inheritance Tax	272,638
Other	<u>400</u>
Total General Fund	<u>464,735</u>



CITY OF ENGLEWOOD  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 8 - RECEIVABLES - (Continued)**

SPECIAL REVENUE FUNDS

Fire and EMS Fund

City of Union shared services 6,899

Heck Community Center

Building Rental 300

Northmont Communications Fund

Dispatch Services to other governments 12,504

Police Fund

Fines and Forfeitures 3,064

State Highway Fund

Gas Tax 8,396

Motor Vehicle License Tax 374

Street Maintenance and Repair Fund

Gas Tax 103,550

Motor Vehicle License Tax 4,614

Other 568

Permissive Road Tax Fund

Motor Vehicle License Tax 5,768

Total Special Revenue Funds 146,037

CAPITAL PROJECTS FUNDS

SR/48

FHWA Grant \$ 8,075

Hoke Road

OPWC 337,712

Montgomery County 167,000

Bikeway

ODOT 42,947

Total Capital Projects Funds 555,734

INTERNAL SERVICE FUND

Government Center Fund

Dayton and Montgomery County Library \$ 2,273

Total Internal Service Funds 2,273

Total All Funds \$1,168,779

By statute, local property taxes are reduced 10%, with additional reductions for the elderly and the disabled. The amount of these reductions, estimated to be approximately \$148,239 will be paid to the City by the State of Ohio in 2002.

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 9 - FIXED ASSETS**

A summary of the proprietary funds' fixed assets at December 31, 2001 were as follows:

	<u>Enterprise</u>	<u>Internal Service</u>
Land	\$ 33,510	\$ 130,849
Buildings	7,090,463	2,740,311
Improvements	9,581	179,094
Machinery and equipment	1,668,086	244,265
Vehicles	107,390	19,350
Water and Sewer lines	19,152,535	0
Construction in Progress	<u>137,358</u>	<u>0</u>
Total Fixed assets	28,198,923	3,313,869
Less: Accumulated depreciation	<u>(10,087,085)</u>	<u>(1,380,793)</u>
Total net fixed assets	<u>\$18,111,838</u>	<u>\$ 1,933,076</u>

Changes in general fixed assets during the year ended December 31, 2001 were as follows:

<u>Class</u>	<u>Balance December 31, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2001</u>
Land	\$ 2,833,737	\$1,706,984	\$ 58,872	\$ 4,481,849
Improvements to land	1,971,539	25,734	0	1,997,273
Buildings	1,943,179	4,279	0	1,947,458
Equipment	1,786,368	475,388	25,855	2,235,901
Vehicles	<u>2,250,309</u>	<u>251,227</u>	<u>97,880</u>	<u>2,403,656</u>
Totals	<u>\$10,785,132</u>	<u>\$2,463,612</u>	<u>\$182,607</u>	<u>\$13,066,137</u>

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

Both the Ohio Police and Fire Pension Fund and the Public Employees Retirement System are reported using GASB Statement No. 27 "Accounting for Pensions by State and Local Governmental Employers".

Substantially all City employees are covered by one of two cost-sharing multiple-employer defined benefit pension plans, namely, the Ohio Police and Fire Pension Fund or the Public Employees Retirement System of Ohio (PERS). Both funds provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Public Employees Retirement System

Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the fund. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 8.5% for employees other than law enforcement. In January 2001, House Bill 416 divided the PERS law enforcement program into two separate divisions with separate employee contribution rates and benefits. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. All other members of the PERS law enforcement program were placed in a newly named public safety division and continued to contribute at 9%. No employees of the city participate in the PERS law enforcement program.

The 2001 employer contribution rate for local government employer units was 13.55% of covered payroll. The City has elected to contribute an additional five percent of the employee's share for a total of 18.55%. The City's contributions to the plan for the years ending December 31, 1999, 2000, and 2001 were \$311,359, \$286,923 and \$356,712, respectively; 97 percent has been contributed for 2001 and 100 percent for 2000 and 1999. \$10,976, representing the unpaid contribution for 2001, is recorded as a liability within the respective funds.

Police and Fire Disability Pension Fund

The City of Englewood contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. PFDPF 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. The OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164, or by calling (614) 228-2975.

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 10% of their annual covered salary and the City contributed 19.5% for Police employees and 24% for firefighters. The City has elected to contribute an additional five percent of the employee's share for a total of 24.5% for police employees and 29% for fire employees. The City's contributions to the plan for police for the years ended December 31, 1999, 2000, and 2001, were \$180,020, \$184,572 and \$202,427, respectively; 73 percent has been contributed for 2001 and 100 percent for 2000 and 1999. Contributions for fire employees for 1999, 2000, and 2001 were \$61,730, \$65,400 and \$69,134, respectively. The unpaid contribution for 2001 is \$54,468 and is recorded as a liability in the general long-term account group.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

Public Employees Retirement System

The Public Employees Retirement System of Ohio provides postemployment health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. A portion of each employer's contribution to the system is set aside for the funding of postretirement health care based on authority granted by State statute. The PERS law enforcement program was separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2001 employer contribution rate for local government employers was 13.55% of covered payroll; 4.30% was the portion used to fund health care for the year. The 2001 employer rate was 16.70% and 4.30% was used to fund health care.

Other postemployment benefits are financed through employer contributions and investment earnings there on. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

The City's actual contributions for 2001 which were used to fund postemployment benefits were \$82,688.

The actual contribution and the actuarially required contributions amounts are the same. As of December 31, 2000, the unaudited estimated net assets available for future other postemployment benefits payments were \$11,735.9 million. The number of active contributing participants for other postemployment benefits at December 31, 2001 was 411,076.

The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 11 - POSTEMPLOYMENT BENEFITS - (Continued)**

Ohio Police and Fire Pension Fund

The OP&F provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such persons. An eligible dependent child is any child under the age of eighteen whether or not he is attending school or under twenty-two if attending full-time or on a 2/3 basis. The Ohio Revised Code provides the authority allowing the OP&F board of trustees to provide health care coverage and states that health care cost paid from the OP&F shall be included in the employer's contribution rate.

The total police employer contributions is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll of which 7.5 percent was applied to the postemployment health care program. Health care funding and accounting is on a pay-as-you-go basis.

The number of participants eligible to receive health care benefits was 12,853 for police and 10,037 for firefighters. The City's actual contributions for 2001 that were used to fund postemployment benefits were \$77,934 for police and \$21,639 for firefighters. The fund's total health care expenses for the year ending December 31, 2000 (the latest information available) were \$106,160,054, which was net of member contributions of \$5,657,431.

**NOTE 12 - OTHER EMPLOYEE BENEFITS**

Deferred Compensation Plans

City employees and elected officials may participate in a statewide deferred compensation plan or a plan offered by the Aetna Life Insurance and Annuity Company. 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 \$233,212 at December 31, 2001. Amounts are recorded as a fund liability and/or in the general long-term account group as applicable.

CITY OF ENGLEWOOD  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 12 - OTHER EMPLOYEE BENEFITS - (Continued)**

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 as of December 31, 2001 was \$228,633. Amounts are recorded as a fund liability and/or in the general long-term account group 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 as of December 31, 2001 was \$7,315. Amounts are recorded as a fund liability and/or in the general long-term account group as applicable.

**NOTE 13 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City is a member of the Ohio Government Risk Management Plan. This Plan does not operate as a risk pool, but provides conventional insurance protection and reinsures these coverages 100 percent. The type of coverage and deductible for each is as follows:

<u>Type of Coverage</u>	<u>Per Occurrence</u>	<u>Deductible</u>
Property	\$14,430,419	\$2,500
General Liability	5,000,000	none
Wrongful Acts	5,000,000	2,500
Auto Liability	5,000,000	2,500
Crime	5,000	none
Inland Marine	1,316,917	1,000
bond	10,000	none
Law Enforcement	5,000,000	2,500
Fire Vehicle RC	802,995	2,500
EDP	213,551	250

Settled claims have not exceeded this commercial coverage in any of the past five years.

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

CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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

The City has elected to offer employee medical insurance benefits through a plan provided by United Healthcare of Ohio. The current United Healthcare plan provides a medical plan with no deductible and total out-of-pocket costs of \$500 for single coverage and \$1,000 for family coverage. Employees are required to share in the costs of their medical plan along with the City. Each month the City contributes \$204.55 for single coverage and \$593.19 for family coverage for each employee. In addition, all employees choosing family coverage must pay \$65.91 per month and \$22.73 for single coverage. Dental insurance is provided through Superior Dental with a deductible of \$25 for single coverage and \$50 for family coverage. The City pays for the majority of the monthly premium at \$21.44 for single coverage and \$67.30 for family coverage.

**NOTE 14 - LONG-TERM OBLIGATIONS**

Long term obligations at December 31, 2001 were as follows:

	Balance December 31, <u>2000</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2001</u>
<u>General Long-Term Obligations</u>				
Compensated Absences	\$212,501	\$80,302	\$ 0	\$292,803
Intergovernmental Payable	<u>57,203</u>	<u>0</u>	<u>2,735</u>	<u>54,468</u>
Total-General Long-Term Obligations	<u>\$269,704</u>	<u>\$80,302</u>	<u>\$2,735</u>	<u>\$347,271</u>

The intergovernmental payable represents the employer's portion of pension for 2001 that was not paid until the following year.

	Balance December 31, <u>2000</u>	<u>Additions</u>	<u>Reductions</u>	Balance December 31, <u>2001</u>
<u>Enterprise Funds</u>				
<u>Revenue Bonds</u>				
4.75% - 1993 Sewer System Improvement	\$280,000	\$ 0	\$35,000	\$245,000
5.35% - 1994 Water System Improvement	<u>540,000</u>	<u>0</u>	<u>60,000</u>	<u>480,000</u>
Total - Enterprise Funds	<u>\$820,000</u>	<u>\$ 0</u>	<u>\$95,000</u>	<u>\$725,000</u>

CITY OF ENGLEWOOD  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)**

As of December 31, 2001, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$23,095,964. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2001 were:

<u>Year</u>	<u>Revenue Bonds</u>
2002	\$130,803
2003	125,930
2004	121,051
2005	116,163
2006	111,275
2007-2009	<u>269,499</u>
Total	<u>\$874,721</u>

**NOTE 15 - SHORT-TERM OBLIGATION**

During 2001, the City issued bond anticipation notes in the amount of \$400,000 in the Water Fund for the purpose of making water system improvements. The notes were issued at 2.9% interest with a one year maturity. The City plans on rolling over the note and paying part of the principal with Water Fund revenues. Below is a description of 2001 activity:

	<u>Interest Paid</u>	<u>Balance 12/31/00</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/01</u>
Bond Anticipation Note	2.9%	\$800,000	\$400,000	\$800,000	\$400,000

Also during 2001, the City issued bond anticipation notes in the amount of \$2,600,000 with three goals in mind. The construction of a three mile bike path, the acquisition and construction of certain road improvements and the acquisition of land. The notes were issued at 2.4% interest with a one year maturity. Principal will be paid from several funds within the capital projects fund type mainly with income tax revenues. Below is a description of 2001 activity:

	<u>Interest Paid</u>	<u>Balance 12/31/00</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/01</u>
Bond Anticipation Note	2.4%	\$ 0	\$2,600,000	\$ 0	\$2,600,000



CITY OF ENGLEWOOD  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 16 - INTERFUND ASSETS/LIABILITIES**

Individual fund interfund asset and liability balances at December 31, 2001, were as follows:

Interfund Receivable/Payable

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Reserve for Capital Improvement	General	<u>\$135,406</u>

**NOTE 17 - SEGMENT INFORMATION**

The City's enterprise funds account for the provision of sewer, solid waste collection and water services. Key financial information for the year ended December 31, 2001, for each enterprise fund is as follows:

	<u>Sewer Fund</u>	<u>Solid Waste Fund</u>	<u>Water Fund</u>	<u>Total</u>
Operating Revenues	\$1,130,402	\$616,547	\$ 997,665	\$ 2,744,614
Operating Expenses Before Depreciation	733,294	555,228	657,914	1,946,436
Depreciation Expense	<u>340,357</u>	<u>0</u>	<u>324,165</u>	<u>664,522</u>
Operating Income	<u>56,751</u>	<u>61,319</u>	<u>15,586</u>	<u>133,656</u>
Net Non-Operating Revenues/ (Expenses)	<u>201,687</u>	<u>0</u>	<u>155,566</u>	<u>357,253</u>
Operating Transfer - In	<u>0</u>	<u>0</u>	<u>250,000</u>	<u>250,000</u>
Net Income	<u>\$ 258,438</u>	<u>\$ 61,319</u>	<u>\$ 421,152</u>	<u>\$ 740,909</u>
Additions to Property, Plant and Equipment	<u>\$ 318,381</u>	<u>\$ 0</u>	<u>\$ 493,188</u>	<u>\$ 811,569</u>
Net Working Capital	<u>\$1,266,953</u>	<u>\$261,368</u>	<u>\$ 767,921</u>	<u>\$ 2,296,242</u>
Total Assets	<u>\$9,527,444</u>	<u>\$318,951</u>	<u>\$11,265,250</u>	<u>\$21,111,645</u>
Other Long-Term Liabilities Payable from Revenue	<u>\$ 272,319</u>	<u>\$ 0</u>	<u>\$ 494,051</u>	<u>\$ 766,370</u>
Total Equity	<u>\$9,197,215</u>	<u>\$261,368</u>	<u>\$10,183,127</u>	<u>\$19,641,710</u>
Encumbrances Outstanding at December 31, 2001	<u>\$ 23,730</u>	<u>\$ 58,826</u>	<u>\$ 247,707</u>	<u>\$ 330,263</u>

CITY OF ENGLEWOOD  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 18 - CONTRIBUTED CAPITAL**

There was no change in contributed capital during 2001.

ENTERPRISE FUNDS

	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Contributed Capital at 1/1/01	<u>\$9,181,658</u>	<u>\$8,960,549</u>	<u>\$18,142,207</u>
Contributed Capital at 12/31/01	<u>\$9,181,658</u>	<u>\$8,960,549</u>	<u>\$18,142,207</u>

INTERNAL SERVICE FUNDS

	<u>Government Center Fund</u>	<u>Service Center Fund</u>	<u>Total</u>
Contributed Capital at 1/1/01	<u>\$678,502</u>	<u>\$103,076</u>	<u>\$781,578</u>
Contributed Capital at 12/31/01	<u>\$678,502</u>	<u>\$103,076</u>	<u>\$781,578</u>

**NOTE 19 - CONTINGENT LIABILITIES**

Litigation

The City is currently not involved in litigation that the City's legal counsel anticipates a loss.

State Grants

For the period January 1, 2001 to December 31, 2001 the City received state grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

CITY OF ENGLEWOOD  
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 20 - CONTRACTUAL COMMITMENTS**

As of December 31, 2001, the City had the following contractual commitments outstanding related to the construction of a Bikeway and Water Plant Expansion. A summary of the primary contractual commitments follows:

<u>Project</u>	<u>Vendor</u>	<u>Total Contract Amount</u>	<u>Amount Paid December 31, 2001</u>	<u>Balance of Contract December 31, 2001</u>
Bikeway	Miller Brothers	\$524,975	\$450,185	\$ 74,790
Water Plant Expansion	Doll-Layman	<u>239,000</u>	<u>124,686</u>	<u>114,314</u>
Total Contractual Commitments		<u>\$763,975</u>	<u>\$574,871</u>	<u>\$189,104</u>

**CITY OF ENGLEWOOD**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

<b>FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE</b>	<b>CFDA NUMBER</b>	<b>PASS-THROUGH GRANT NUMBER</b>	<b>(A) CASH FEDERAL RECEIPTS</b>	<b>(A) CASH FEDERAL DISBURSEMENTS</b>
<b>FEDERAL HIGHWAY ADMINISTRATION PASSED THROUGH THE OHIO DEPARTMENT OF TRANSPORTATION</b>				
Highway Planning and Construction	20.205	MOT-SR48-37.780	\$ 838,338	\$ 1,045,856
<b>Total Ohio Department of Transportation</b>			<u>\$ 838,338</u>	<u>\$ 1,045,856</u>
<b>Total Federal Financial Assistance</b>			<u><u>\$ 838,338</u></u>	<u><u>\$ 1,045,856</u></u>

(A) This schedule was prepared on a cash basis.

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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## **Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With *Government Auditing Standards***

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

We have audited the general purpose financial statements of City of Englewood as of and for the year ended December 31, 2001, and have issued our report thereon dated April 17, 2002. The City implemented Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions and GASB Statement No. 36, Recipient Reporting for Certain Shared Nonexchange Revenues, an amendment of GASB Statement No. 33. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

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

Members of Council and Mayor  
City of Englewood

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Englewood's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report that we have reported to the management of the City of Englewood in a separate letter dated April 17, 2002.

This report is intended for the information and use of management, the City of Englewood, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.  
April 17, 2002

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## **Report on Compliance With Requirements Applicable to Its Major Program and Internal Control Over Compliance In Accordance With *OMB Circular A-133***

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

### Compliance

We have audited the compliance of the City of Englewood with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2001. The City implemented Governmental Accounting Standards Board (GASB) Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions and GASB Statement No. 36, Recipient Reporting for Certain Shared Nonexchange Revenues, an amendment of GASB Statement No. 33. The City of Englewood's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Englewood's management. Our responsibility is to express an opinion on the City of Englewood's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Englewood's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Englewood's compliance with those requirements.

Members of Council and Mayor  
City of Englewood

In our opinion, the City of Englewood complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2001.

Internal Control Over Compliance

The management of the City of Englewood is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Englewood's internal control over compliance with requirements that could have a direct and material effect on its major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to its major federal programs being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management, the Council of the City of Englewood, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.  
April 17, 2002



**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO  
DECEMBER 31, 2001**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs= Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No

**CITY OF ENGLEWOOD  
MONTGOMERY COUNTY, OHIO  
DECEMBER 31, 2001**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505**

**1. SUMMARY OF AUDITOR'S RESULTS (Continued)**

<i>(d)(1)(vii)</i>	<i>Major Program</i>	Highway Planning and Construction CFDA #20.205
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**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  
JULY 5, 2002**