

**CITY OF CENTERVILLE  
CENTERVILLE, OHIO**

***SUPPLEMENTAL REPORT***

***DECEMBER 31, 2005***

**MR. MARK SCHLAGHECK, FINANCE DIRECTOR**





**Auditor of State  
Betty Montgomery**

Members of Council and Mayor  
City of Centerville  
100 West Spring Valley Road  
Centerville, Ohio 45458-3759

We have reviewed the *Independent Auditors' Report* of the City of Centerville, Montgomery County, prepared by Julian and Grube, Inc., for the audit period January 1, 2005 through December 31, 2005. 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 Centerville is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

June 30, 2006

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**CITY OF CENTERVILLE  
MONTGOMERY COUNTY, OHIO**

TABLE OF CONTENTS

Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With *Government Auditing Standards* ..... 1 - 2

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## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

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

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

Members of Council and Mayor  
City of Centerville  
100 West Spring Valley Road  
Centerville, Ohio 45458

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville, Montgomery County, Ohio, (the "City") as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 27, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the basic 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.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a matter that we have reported to management in a separate letter dated April 27, 2006.

Members of Council and Mayor  
City of Centerville

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

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

Julian & Grube, Inc.  
April 27, 2006





Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
December 31, 2005



# **City of Centerville, Ohio**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended December 31, 2005**

*Prepared by:*

Department of Finance

Mark Schlagheck

Finance Director

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# City of Centerville, Ohio

## Comprehensive Annual Financial Report For the Year Ended December 31, 2005

### Table of Contents

	<u>Page</u>
<b>Introductory Section</b>	
Letter of Transmittal .....	i
Certificate of Achievement in Financial Reporting .....	iv
List of Elected and Appointed Officials .....	v
Organizational Chart .....	vi
<b>Financial Section</b>	
Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Assets .....	16
Statement of Activities .....	17
<i>Fund Statements:</i>	
Balance Sheet – Governmental Funds .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	20
Balance Sheet – Proprietary Funds .....	22
Statement of Revenue, Expenses and Changes in Fund Net Assets – Proprietary Funds .....	23
Statement of Cash Flows – Proprietary Funds .....	24
Statement of Fiduciary Net Assets – Fiduciary Funds .....	25
Notes to Basic Financial Statements .....	26
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis – General Fund .....	48
Notes to Required Supplementary Information .....	49

# City of Centerville, Ohio

## Comprehensive Annual Financial Report For the Year Ended December 31, 2005

### Table of Contents

#### Supplemental Section

<i>Fund Descriptions</i> .....	52
--------------------------------	----

#### *Combining and Individual Fund Statements and Schedules*

Combining Balance Sheet – Non-major Governmental Funds.....	56
---	----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds .....	57
--	----

Combining Balance Sheet – Non-major Special Revenue Funds.....	58
--	----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Special Revenue Funds .....	60
---	----

#### Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis:

Street Construction and Maintenance Fund .....	62
--	----

State Highway Fund.....	63
-------------------------	----

Permissive Tax Fund.....	63
--------------------------	----

Law Enforcement Fund.....	64
---------------------------	----

Enforcement and Education Fund.....	64
-------------------------------------	----

Drug Law Fund.....	65
--------------------	----

Friends of Benham’s Grove Fund.....	65
-------------------------------------	----

Hospital Insurance Fund .....	66
-------------------------------	----

Police Operation Project Fund.....	66
------------------------------------	----

Combining Balance Sheet – Non-major Debt Retirement Funds.....	67
--	----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Debt Retirement Funds .....	68
---	----

#### Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis:

Unvoted Debt Retirement Fund .....	69
------------------------------------	----

Golf Course Debt Retirement Fund .....	70
--	----

Special Assessment Debt Retirement Fund .....	70
---	----

Combining Balance Sheet – Non-major Capital Projects Funds .....	71
--	----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Capital Projects Funds .....	72
--	----

# City of Centerville, Ohio

## Comprehensive Annual Financial Report For the Year Ended December 31, 2005

### Table of Contents

#### Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Budgetary (Non-GAAP) Basis:

Capital Improvements Fund.....	73
Recreational Projects Fund .....	73
Capital Equipment Purchase Fund.....	74
Special Assessment Improvements Fund.....	74
Combining Balance Sheet – Internal Service Funds.....	75
Combining Statement of Revenues, Expenditures and Changes in Fund Net Assets – Internal Service Funds .....	76
Combining Statement of Cash Flows – Internal Service Funds .....	77
Combining Statement of Fiduciary Net Assets – Fiduciary Funds.....	78
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	78

#### Statistical Section

Net Assets by Component.....	81
Changes in Net Assets .....	82
Fund Balances, Governmental Funds .....	84
Changes in Fund Balances, Governmental Funds .....	86
Income Tax by Payer Type and Income Tax Rate.....	88
Ranking of Top Ten Income Tax Withholders .....	89
Ratios of Outstanding Debt and Legal Debt Margins.....	90
Computation of Direct and Overlapping General Obligation Debt .....	92
Demographics and Economic Statistics.....	93
Principal Employers.....	94
City Government Employees by Function.....	95
Operating Indicators by Function/Program .....	96
Capital Asset and Infrastructure Statistics by Function/Program .....	98

# Introductory Section





*C. Mark Kingseed, Mayor*  
*Gregory B. Horn, City Manager*

April 27, 2006

Honorable Mayor, Members of City Council,  
and Citizens of Centerville, Ohio:

The comprehensive annual financial report of the City of Centerville, Ohio (the City) for the fiscal year ended December 31, 2005 is hereby submitted for your review. This report represents the commitment of the City to adhere to nationally recognized standards of excellence in financial reporting.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

### ***History and Background***

The City is located in Montgomery County in southwest Ohio, approximately twelve miles south of the City of Dayton. It was first settled in 1796, incorporated as a village in 1830, and became a city in 1968. The City operates under and is governed by its Charter, first adopted by voters in 1968 and which has been amended by the voters from time to time. The Charter provides for a Council-Manager form of government. Legislative authority is vested in a seven member Council, all of whom are elected at-large for four-year terms including the Mayor who is the presiding officer. The City's chief executive and administrative officer is the Manager, who is appointed by council to serve at its pleasure.

The City provides a wide variety of services, including police protection; the construction and maintenance of streets, sidewalks, stormwater drainage facilities, traffic signals and other infrastructure; residential waste collection; planning, zoning, building inspection and property inspection; and recreational activities including the city's municipal golf course, The Golf Club at Yankee Trace.

The City adopts an annual budget before December 31<sup>st</sup> for the upcoming fiscal year. This annual budget serves as the foundation for the City's financial planning and control. The budget is adopted at the fund level. Any modifications to a fund's appropriations require approval of City Council. In addition, a five year capital improvement program is adopted on an annual basis. This program serves as a plan for long range infrastructure improvements and capital purchases.

### ***Economic Condition and Outlook***

The City has a population of 23,122 according to the U.S. Census Bureau's 2004 estimate. Centerville is home to over 700 businesses. The City continues to see moderate growth in both residential and business development. In the recent past, several residential subdivisions have been under development. The largest of these developments is Yankee Trace which surrounds the City's golf facility, The Golf Club at Yankee Trace. When complete, the Yankee Trace development will include approximately 1,000 residential units.

The City remains fiscally strong. Built on a diversified base of small businesses, Centerville continues to be well positioned for the future. The employers with the largest workforce within Centerville include the school district, multiple retirement communities, a retail store, several auto dealerships and small manufacturers.

In November 2005, Miami Valley Hospital broke ground on a full-service, 24-hour emergency care center in the City. In addition, Miami Valley plans to build an outpatient facility and physicians office complex. The total estimated construction cost for the first phase of this project is \$73 million. The new emergency care facility will bring about 100 new jobs to the City, not including physicians or physician office personnel.

### ***Major Initiatives***

- The municipal income tax rate remained at 1.75% for the twenty-fourth consecutive year, the municipal property tax rate remained at its lowest rate for the twenty-seventh year.
- Due to increases in cost of fuel, disposal fees, equipment and personnel benefits, waste collection fees were raised by \$3 to \$18 per month. This was the first increase in waste collection fees since 1992.
- The City maintained its municipal bond rating of Aa3 from Moody's Investor Services. This rating helps to lower the interest rate on any future bonds the City may issue.
- The Golf Club at Yankee Trace was rated by Golf Magazine as one of the "Top 50 Courses Under \$50." Golf Digest also named The Golf Club at Yankee Trace as one of their "Best Places to Play" based on the course's architectural merit.
- The City passed an ordinance prohibiting smoking in public buildings and places of employment. The ordinance, which took effect April 4, 2005, was the first of its kind in the Dayton area.
- Create the Vision, a community master plan for the City of Centerville and Washington Township, was adopted. The implementation of this plan will guide commercial and residential development in both communities for the next twenty-five years.

- The City continued to set aside money for the construction of a new public works facility. By the end of 2005, \$5,000,000 was designated for this project for which construction is tentatively scheduled for late 2006.
- The City received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for its 2004 comprehensive annual financial report, the highest recognition in governmental accounting and financial reporting.

### ***Independent Audit***

State statute requires an annual audit by the State Auditor's Office or, at the State Auditor's discretion, by an independent certified public accounting firm. The City and the State Auditor's Office selected the firm of Julian & Grube, Inc. to perform the 2005 audit of the City. Julian Grube, Inc. has issued an unqualified ("clean") opinion on the City of Centerville's financial statements for the year ended December 31, 2005. The independent auditor's report is located at the front of the financial section of this report.

### ***Certificate of Achievement***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Centerville, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2004. This was the fifth consecutive year that Centerville has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### ***Acknowledgements***

The preparation of the comprehensive annual financial report was made possible by the dedicated services of the Department of Finance. Our sincere appreciation is extended to all members of the staff, whose efforts have made this report possible.

Respectfully submitted,

*Gregory B. Horn*  
\_\_\_\_\_  
Gregory B. Horn  
City Manager

*Mark Schlagheck*  
\_\_\_\_\_  
Mark Schlagheck  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Centerville,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Carla E. Perry*

President

*Jeffrey R. Emmer*

Executive Director

# City of Centerville, Ohio

## List of Elected and Appointed Officials as of April 27, 2006

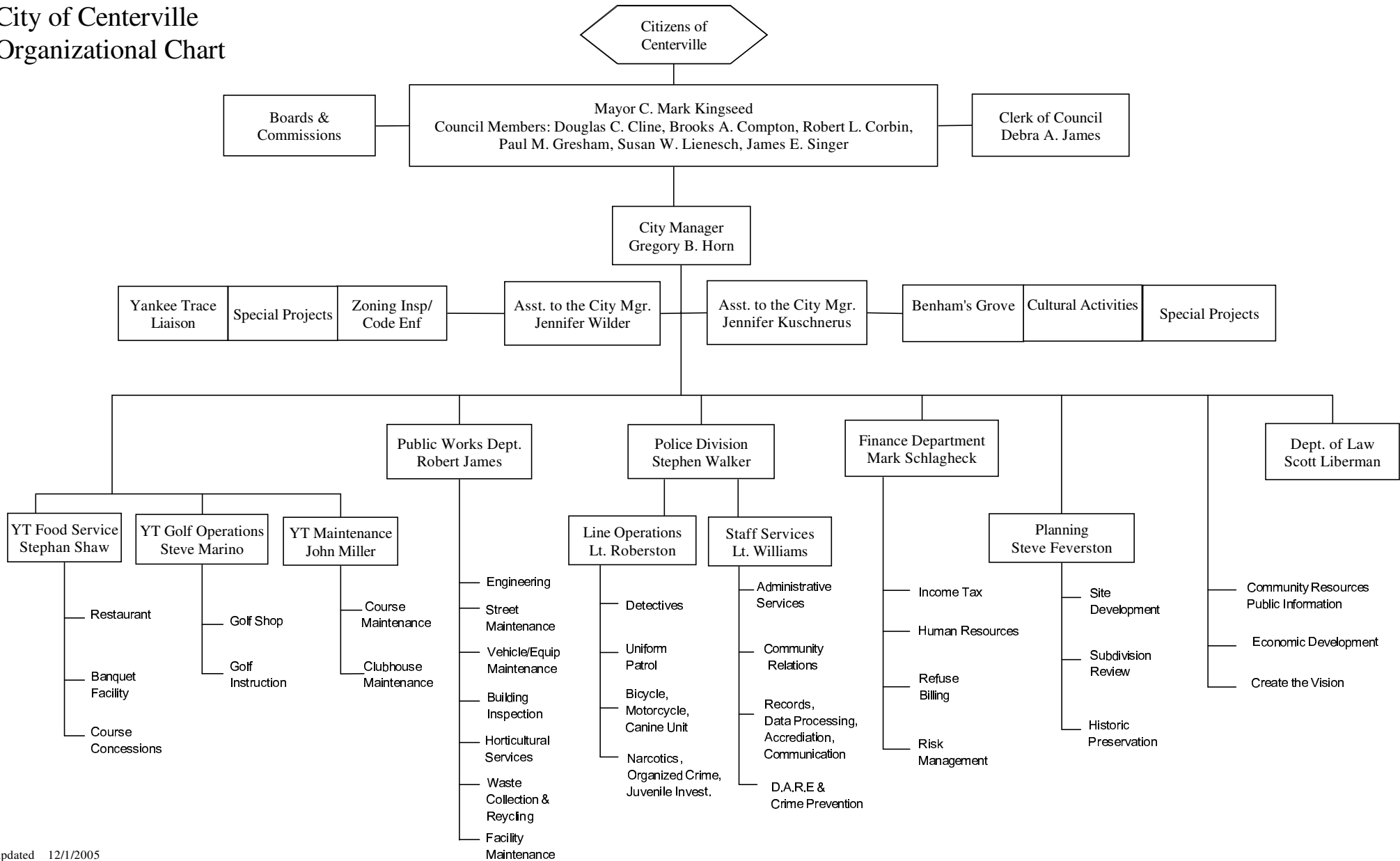
### Elected Officials

Mayor and Councilmember .....	C. Mark Kingseed
Deputy Mayor and Councilmember.....	Douglas C. Cline
Councilmember.....	James E. Singer
Councilmember.....	Susan W. Lienesch
Councilmember.....	Paul M. Gresham
Councilmember.....	Robert L. Corbin
Councilmember.....	Brooks A. Compton

### Appointed Officials

City Manager .....	Gregory B. Horn
Clerk of Council.....	Debra A. James
Municipal Attorney.....	Scott A. Liberman
Chief of Police .....	Stephen E. Walker
Finance Director.....	Mark A. Schlagheck
Public Works Director .....	Robert A. James
City Engineer .....	K. Douglas Spitler
City Planner .....	Steve A. Feverston
Head Golf Professional.....	Steven T. Marino
Golf Maintenance Superintendent .....	John C. Miller
Director of Food Service.....	Stephen L. Shaw
Assistant to the City Manager.....	Jennifer S. Wilder
Assistant to the City Manager.....	Jennifer A. Kuschnerus
Human Resources Manager .....	Ginger A. Yonak

# City of Centerville Organizational Chart



# Financial Section



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

Independent Auditors' Report

Members of Council and Mayor  
City of Centerville  
100 West Spring Valley Road  
Centerville, Ohio 45458

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Centerville, Montgomery County, Ohio, (the "City"), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville, Montgomery County, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof 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 27, 2006 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 agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Members of Council and Mayor  
City of Centerville

The management's discussion and analysis and budgetary comparison information on pages 3 through 14 and 48 through 51, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.  
April 27, 2006

# City of Centerville, Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2005 (Unaudited)

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The management of the City of Centerville (City) provides the following information as an introduction, overview and analysis of the City's financial statements for the year ended December 31, 2005. Readers should consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, which can be found on pages i-iii of this report.

### Financial Highlights

- The assets of the City exceeded its liabilities by \$68.27 million as of December 31, 2005. Of this amount, \$19.55 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The net assets of the City increased by over \$0.33 million during the most recent fiscal year.
- As of December 31, 2005, the City's governmental funds report combined ending fund balances of \$18.06 million. Over 50% or \$9.06 million of this fund balance is available for spending at the City's discretion (unreserved, undesignated fund balance).

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

*The Statement of Net Assets.* This statement (page 16) reports all assets and liabilities of the City as of December 31, 2005. The difference between total assets and total liabilities is reported as "net assets". Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

*The Statement of Activities.* This statement (page 17) presents information showing how the government's net assets changed during the most recent fiscal year. Changes in net assets are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

# City of Centerville, Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2005 (Unaudited)

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Both of the government-wide financial statements distinguish functions of the City that are primarily supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through users fees and charges (business-type activities). The governmental activities of the City include general government, public safety, transportation, community environment and recreation. The business-type activities include a golf course, restaurant and banquet facility and a waste collection operation.

**Fund Financial Statements.** These statements provide financial position and results of the City's major funds. A fund is an accounting entity created to account for a specific activity or purpose. Major funds of the City are the General Fund, the Special Assessment Bond Retirement Fund, the Capital Improvement Fund, the Waste Collection Fund, and the Golf Course Operations Fund. The creation of some funds is mandated by law and others are created by management to demonstrate financial compliance with budgetary or legal requirements. Funds are classified into three broad categories: governmental funds, proprietary funds, and fiduciary funds.

*Governmental funds.* Governmental funds are used to account for "governmental-type" activities. Unlike the government-wide financial statements, governmental fund statements use a "flow of financial resources" measurement focus. That is to say, the operating statement of a governmental fund attempts to answer the question "Are there more or less resources that can be spent in the near future as a result of events and transactions of the reporting period?" Increases in spendable resources are reported in the operating statement as "revenues" or "other financing sources." Decreases in spendable resources are reported as "expenditures" or "other financing uses." We describe the differences between governmental funds and governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) in reconciliations presented beside the governmental fund financial statements on pages 18 - 21.

The City of Centerville maintains seventeen separate governmental funds. The governmental fund financial statements on pages 18 through 21 separately display the governmental funds considered to be major funds. All other governmental funds - the "non-major" funds - are combined into a single column. Detailed financial data for each of the non-major governmental funds is provided in combining statements in the supplementary information section of this report.

*Proprietary funds.* There are two types of proprietary funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises for which either 1) the intent is that the costs (expenses, including depreciation) be recovered primarily through user charges, or 2) determination of net income is appropriate for management control, accountability or other purposes. Internal service funds are used to allocate the cost of providing certain centralized services to the other departments of the government entity that use the services. An internal service fund is the appropriate accounting mechanism

# City of Centerville, Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2005 (Unaudited)

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when it is the intent of the government to recover the full cost of providing the service through user charges to other departments.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City's Waste Collection Fund and Golf Course Operations Fund are considered to be major funds and are displayed separately in the proprietary fund statements on pages 22 through 24. The City has one other proprietary fund, the activities of which are presented in one column for non-major funds. The City's two internal service funds are combined into a single column in the proprietary fund financial statements. Detailed financial data for those funds can be found in the combining statements in the supplementary information section of this report.

*Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the City government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement can be found on page 25 of this report.

**Notes to the Basic Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 26 – 47 of this report.

## City of Centerville, Ohio

### Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2005 (Unaudited)

#### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$68.27 million as of December 31, 2005. The following table presents condensed information on net assets as of December 31, 2005 and 2004:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<u>Assets:</u>						
Current and other assets	\$37,136,389	\$36,685,094	\$ 856,556	\$ 982,168	\$37,992,945	\$37,667,262
Capital assets	<u>39,006,379</u>	<u>39,583,940</u>	<u>19,038,955</u>	<u>19,182,647</u>	<u>58,045,334</u>	<u>58,766,587</u>
Total assets	<u>76,142,768</u>	<u>76,269,034</u>	<u>19,895,511</u>	<u>20,164,815</u>	<u>96,038,279</u>	<u>96,433,849</u>
<u>Liabilities:</u>						
Long-term liabilities	24,791,905	25,724,193	160,348	151,432	24,952,253	25,875,625
Other liabilities	<u>2,453,923</u>	<u>2,221,900</u>	<u>360,656</u>	<u>389,908</u>	<u>2,814,579</u>	<u>2,611,808</u>
Total liabilities	<u>27,245,828</u>	<u>27,946,093</u>	<u>521,004</u>	<u>541,340</u>	<u>27,766,832</u>	<u>28,487,433</u>
<u>Net Assets:</u>						
Invested in capital assets, net of debt	14,775,382	14,431,202	19,032,210	19,182,647	33,807,592	33,613,849
Restricted	14,909,798	15,667,728	-	-	14,909,798	15,667,728
Unrestricted	<u>19,211,760</u>	<u>18,224,011</u>	<u>342,297</u>	<u>440,828</u>	<u>19,554,057</u>	<u>18,664,839</u>
Total net assets	<u>\$48,896,940</u>	<u>\$48,322,941</u>	<u>\$19,374,507</u>	<u>\$19,623,475</u>	<u>\$68,271,447</u>	<u>\$67,946,416</u>

In total, net assets increased from \$67.95 million to \$68.27 million in 2005. Unrestricted net assets, which are available for future use as directed by City Council, increased \$0.89 million or 4.76%. Unrestricted net assets of the City's governmental activities increased \$0.99 million while unrestricted net assets of the business-type activities decreased \$0.10 million.

The component, "invested in capital assets, net of related debt," increased \$0.19 million from \$33.61 million at December 31, 2004 to \$33.80 million at December 31, 2005. Generally, this means capital asset additions and bond principal repayments were more than depreciation expense and net book value of disposals by \$0.19 million.

Restricted net assets are subject to external restrictions as to their use. This category decreased approximately \$0.76 million from \$15.67 million at December 31, 2004 to \$14.91 million at December 31, 2005. This decrease in restricted net assets was due primarily to the reduction in special assessment receivables.

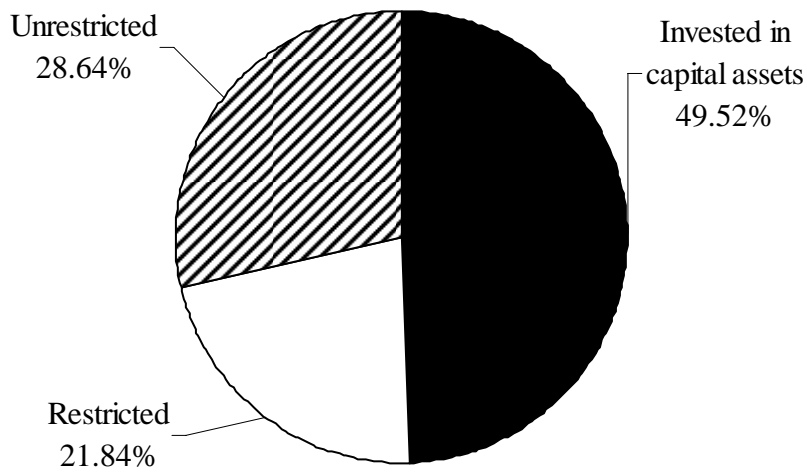
# City of Centerville, Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2005 (Unaudited)

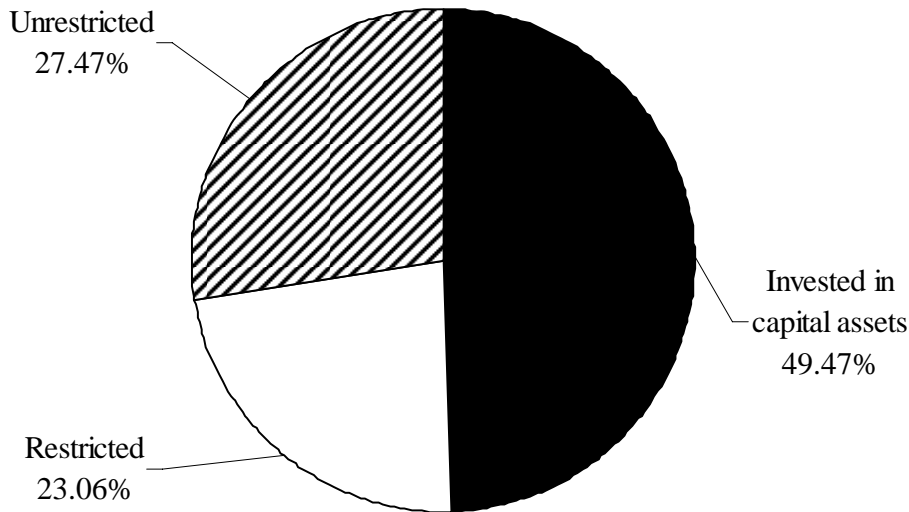
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The following pie charts graphically illustrate these year-to-year changes in the components of net assets.

### December 31, 2005



### December 31, 2004



# City of Centerville, Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2005 (Unaudited)

The following table presents condensed information on the changes in net assets for the years ended December 31, 2005 and 2004.

### Changes in Net Assets

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,375,780	\$ 1,393,266	\$4,530,279	\$4,694,414	\$ 5,906,059	\$ 6,087,680
Operating grants and contributions	1,323,107	1,262,053	-	-	1,323,107	1,262,053
Capital grants and contributions	218,827	204,170	-	-	218,827	204,170
General revenues:						
Income taxes	10,166,320	9,590,830	-	-	10,166,320	9,590,830
Property taxes	1,219,582	1,135,886	-	-	1,219,582	1,135,886
Estate taxes	843,903	983,949	-	-	843,903	983,949
Grants and other contributions not restricted to specific programs	875,005	870,889	-	63,126	875,005	934,015
Investment earnings	367,854	546,099	8,961	21,800	376,815	567,899
Gain on sale of capital assets	84,359	58,970	3,324	-	87,683	58,970
Miscellaneous	<u>38,889</u>	<u>11,861</u>	<u>-</u>	<u>-</u>	<u>38,889</u>	<u>11,861</u>
Total revenues	<u>16,513,626</u>	<u>16,057,973</u>	<u>4,542,564</u>	<u>4,779,340</u>	<u>21,056,190</u>	<u>20,837,313</u>
<b>Expenses</b>						
General government	4,874,691	4,280,576	-	-	4,874,691	4,280,576
Public safety	5,478,545	5,296,904	-	-	5,478,545	5,296,904
Community environment	236,856	225,372	-	-	236,856	225,372
Recreation	374,091	371,276	-	-	374,091	371,276
Transportation	3,331,467	3,158,165	-	-	3,331,467	3,158,165
Interest on long-term debt	1,233,977	1,260,351	-	-	1,233,977	1,260,351
Waste collection	-	-	1,301,490	1,242,631	1,301,490	1,242,631
Golf course operations	-	-	3,772,661	3,957,023	3,772,661	3,957,023
Other business-type activities	<u>-</u>	<u>-</u>	<u>127,381</u>	<u>162,761</u>	<u>127,381</u>	<u>162,761</u>
Total expenses	<u>15,529,627</u>	<u>14,592,644</u>	<u>5,201,532</u>	<u>5,362,415</u>	<u>20,731,159</u>	<u>19,955,059</u>
Excess before transfers	983,999	1,465,329	(658,968)	(583,075)	325,031	882,254
Transfers	<u>(410,000)</u>	<u>(400,000)</u>	<u>410,000</u>	<u>400,000</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>\$ 573,999</u>	<u>\$ 1,065,329</u>	<u>\$(248,968)</u>	<u>\$(183,075)</u>	<u>\$ 325,031</u>	<u>\$ 882,254</u>

# City of Centerville, Ohio

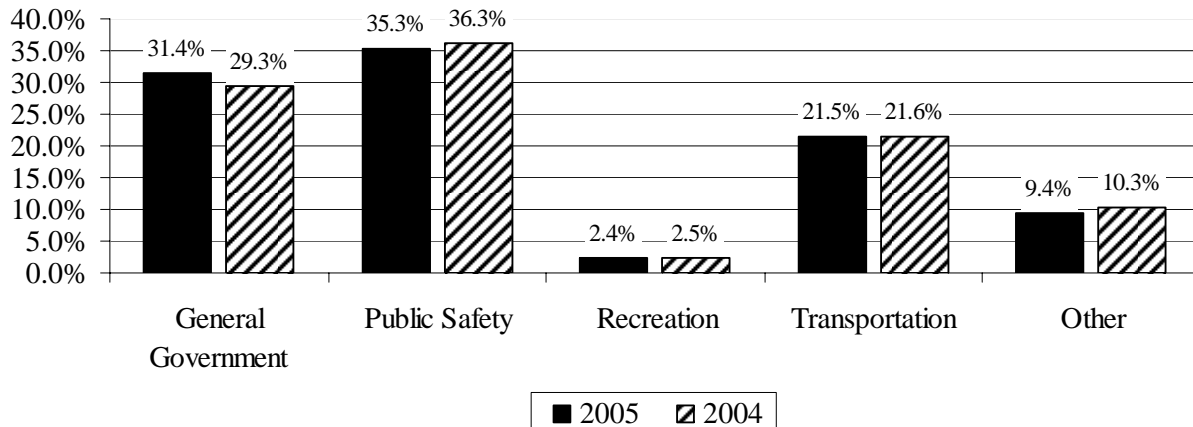
## Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2005 (Unaudited)

The change in net assets was an increase of \$0.33 million for the year ended December 31, 2005 as compared to a increase of \$0.88 million for the prior year. Total revenues increased \$0.22 million or 1.05%. Total expenses increased \$0.77 million or 3.89%.

Total revenues for governmental activities increased 2.84%. Income taxes, the largest governmental activities revenue source, increased \$0.58 million or 6.00%. This increase was due, in part, to the improving economy. Estate taxes decreased \$0.14 million. Estate taxes, by their nature, can have significant variances from year to year. Investment earnings decreased \$0.18 million.

Expenses of governmental activities break down as follows:

### Governmental Expenses by Program



Total governmental expenses increased 6.42% or \$0.94 million. The majority of this increase was due to an increased amount of income tax refunds and increased workers' compensation insurance premiums. Public safety, consisting of the police division, comprises over 35% of governmental activities' expenses. Transportation, which consists of street repair and maintenance activities, accounts for over 21% of expenses. General government, consisting of the city management department, the finance department and the clerk of council's department among others, accounts for over 31% of expenses.

The Statement of Activities reports the expenses of each of the governmental activities programs and the related program revenue that offsets the cost of each program. The amount by which the cost of a particular program exceeds its program revenue represents the extent to which that program must be subsidized by general revenues, such as income taxes, property taxes and



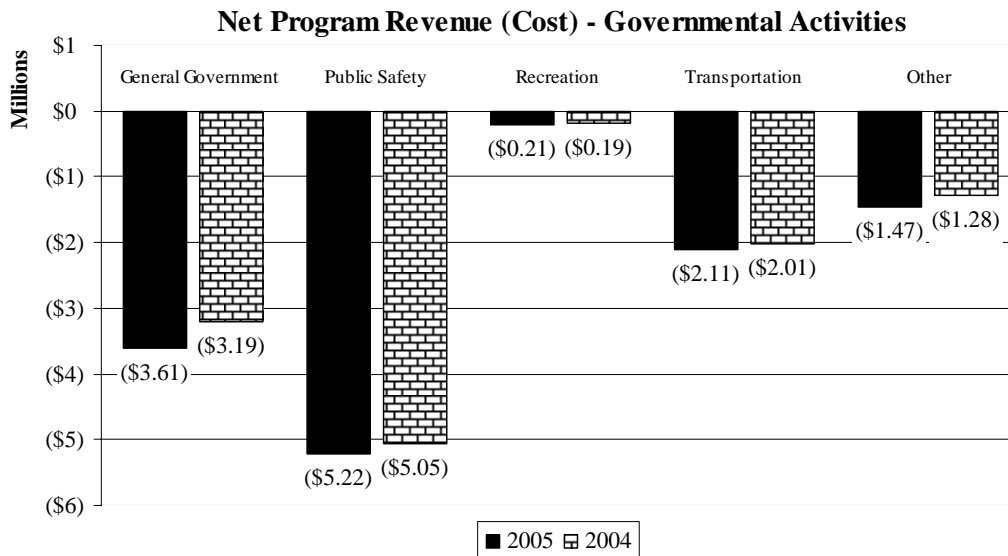
## City of Centerville, Ohio

### Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2005 (Unaudited)

unrestricted contributions. The following table and graph summarize the net cost of each program:

#### **Expenses and Program Revenue – Governmental Activities**

	<b><u>Year Ended December 31, 2005</u></b>			<b><u>Year Ended December 31, 2004</u></b>		
	<b><u>Expense</u></b>	<b><u>Program revenue</u></b>	<b><u>Net program revenue (cost)</u></b>	<b><u>Expense</u></b>	<b><u>Program revenue</u></b>	<b><u>Net program revenue (cost)</u></b>
General government	\$ 4,874,691	\$1,269,645	\$ (3,605,046)	\$ 4,280,576	\$1,085,680	\$ (3,194,896)
Public safety	5,478,545	257,037	(5,221,508)	5,296,904	243,912	(5,052,992)
Recreation	374,091	165,080	(209,011)	371,276	183,670	(187,606)
Transportation	3,331,467	1,225,852	(2,105,615)	3,158,165	1,145,370	(2,012,795)
Other	<u>1,470,833</u>	<u>100</u>	<u>(1,470,733)</u>	<u>1,485,723</u>	<u>200,857</u>	<u>(1,284,866)</u>
Total governmental activities	<u>\$15,529,627</u>	<u>\$2,917,714</u>	<u>\$(12,611,913)</u>	<u>\$14,592,644</u>	<u>\$2,859,489</u>	<u>\$(11,733,155)</u>



Overall, the net program cost of governmental activities increased by \$0.88 million or 7.49%. General government's net program cost increased by \$0.41 million or 12.84%. Public safety's net program cost increased by \$0.17 million over 2004.

#### **Business-type activities**

Business-type activities' net assets decreased \$0.25 million from \$19.62 million to \$19.37 million. It is the City's policy that the revenues of the City's business-type activities (waste

## City of Centerville, Ohio

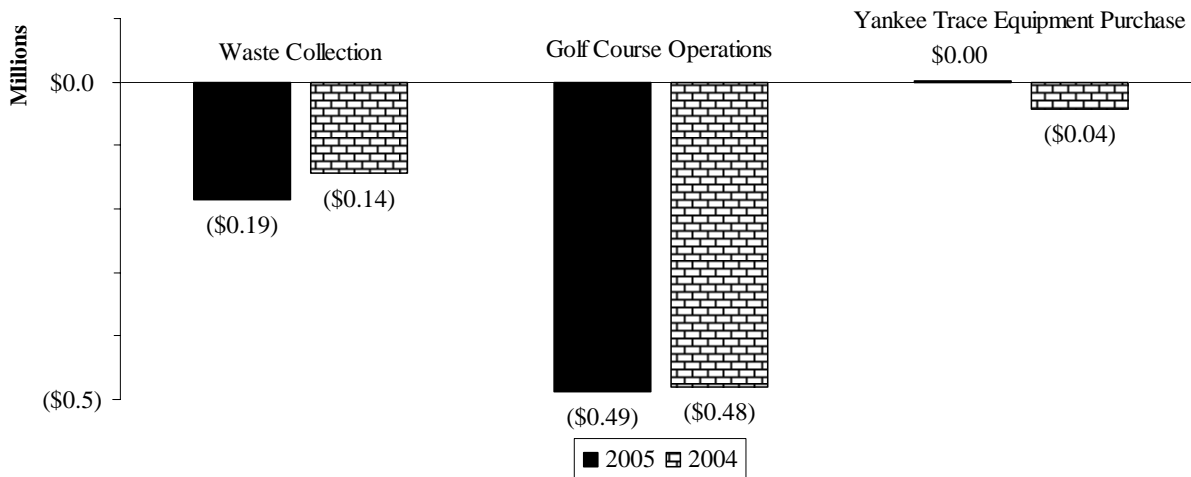
### Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2005 (Unaudited)

collection and golf course operations) are expected to cover all program costs. The following table and graph summarize the expenses and program revenues for business-type activities:

#### Expenses and Program Revenue – Business-type Activities

	<u>For Year Ended December 31, 2005</u>			<u>For Year Ended December 31, 2004</u>		
	<u>Expense</u>	<u>Program revenue</u>	<u>Net program revenue (cost)</u>	<u>Expense</u>	<u>Program revenue</u>	<u>Net program revenue (cost)</u>
Waste collection	\$1,301,490	\$1,115,830	\$(185,660)	\$1,242,631	\$1,098,132	\$(144,499)
Golf course operations	3,772,661	3,285,079	(487,582)	3,957,023	3,476,082	(480,941)
Other business-type Activities	<u>127,381</u>	<u>129,370</u>	<u>1,989</u>	<u>162,761</u>	<u>120,200</u>	<u>(42,561)</u>
Total business-type Activities	<u>\$5,201,532</u>	<u>\$4,530,279</u>	<u>\$(671,253)</u>	<u>\$5,362,415</u>	<u>\$4,694,414</u>	<u>\$(668,001)</u>

#### Net Program Revenue (Cost) - Business-type Activities



The net program cost for business-type activities remained consistent with 2004. Specifically, program revenues from golf course operations decreased \$0.19 million due to decreased course revenue such as greens fees and cart rentals. Program expenses for the golf course operations decreased \$0.18 million. Program expenses in waste collection increased \$0.06 million due to the overall increased costs of operation, primarily salaries and benefits.

Effective January 1, 2006, the City has raised the rates charged for waste collection service by 20%. The rate for a residential customer has increased from \$15 per month to \$18 per month. This increase is intended to alleviate the deficit in the waste collection operation for the near future.

## City of Centerville, Ohio

### Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2005 (Unaudited)

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#### **Financial Analysis of the City's Funds**

Governmental funds, as stated earlier, focus on spendable resources and near-term inflows and outflows of those resources. As such, fund balance measures net resources available for spending at the end of the fiscal year, subject to any stated restrictions on their use.

The combined fund balance of the City's governmental funds at December 31, 2005 was \$18.06 million as compared to \$17.41 million at December 31, 2004. (See the governmental funds' balance sheets on pages 18 – 19).

The General Fund is the primary operating fund of the City of Centerville, accounting for such activities as police protection, general government (administration, finance, engineering, building inspection), community environment (planning) and recreation. The General Fund balance decreased \$1.41 million for the year ended December 31, 2005. Transfers to other funds increased 78% from 2004 as a greater amount of funds were used for capital improvements.

The Special Assessment Debt Retirement Fund is used to account for the receipt of special assessments and the payment of the associated special assessment debt. Revenues and expenses for this fund remain relatively stable from year to year unless additional special assessment debt is issued.

The Capital Improvements Fund is used to account for the various capital improvement projects of the City including streets, sidewalks, land acquisition, building construction and building improvements. The fund balance increased by \$2.74 million in 2005. Of the remaining fund balance, an additional \$1.0 million was designated for the future construction of a public works facility. As of December 31, 2005, \$5.0 million of the estimated \$6.0 million needed to complete this new facility had been designated.

#### **General Fund Budgetary Highlights**

General fund appropriations were decreased during 2005. Actual expenditures were \$0.13 million less than the final appropriations. In addition, actual revenues exceeded budgetary estimates by nearly \$1.05 million.

#### **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2005, amounts to \$58.05 million (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and other improvements, machinery and equipment, roads, highways and bridges. The total decrease in the City's investment in capital assets for the current fiscal year was 1.23%.

## City of Centerville, Ohio

### Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2005 (Unaudited)

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Significant capital activity for the year included:

- Completed concrete repair (curb, pavement and sidewalk) and asphalt resurfacing at locations throughout the City totaling over \$1.1 million.
- Completed construction and widening of Centerville Station Road with a total project cost of nearly \$0.68 million.
- Completed construction of a new public parking lot in the City's Architectural Preservation District with a total project cost of over \$0.70 million.
- Spent nearly \$0.06 million for stormwater drainage improvements throughout the City.

Additional detail on the capital asset activity for the year ended December 31, 2005 is presented in the Notes to the Basic Financial Statements in note 2D on pages 36 – 37.

**Long-term Debt.** Ohio law restricts the amount of debt that a City may issue. The aggregate principal amount of unvoted "net indebtedness" may not exceed 5.5% of the assessed valuation for property tax purposes of all real and personal property located within the City. Certain debt with a repayment source other than general tax revenues, is excluded from the definition of net indebtedness. Under that definition, the City has no net indebtedness as of December 31, 2005, leaving a legal debt margin for unvoted debt of approximately \$32.67 million.

An additional statutory limitation restricts total indebtedness – both voted and unvoted – to 10.5% of the real and personal property assessed valuation. That limitation would restrict total City net indebtedness to \$62.38 million, leaving a total debt margin of approximately \$62.38 million.

The City maintains a "Aa3" rating from Moody's Investors Service for general obligation debt.

A summary of debt outstanding at December 31, 2005 and 2004 is as follows:

	<u>December 31, 2005</u>	<u>December 31, 2004</u>
<i>Governmental-type activities:</i>		
General obligation bonds	\$ 17,665,000	\$ 18,405,000
Special assessment bonds	<u>7,391,000</u>	<u>7,586,000</u>
Total	<u>\$ 25,056,000</u>	<u>\$ 25,991,000</u>

Additional detailed data for all debt of the City of Centerville is presented in the Notes to the Basic Financial Statements in note 2I on pages 43 - 45 and in the Statistical Section of this report on pages 90 - 92.

## **City of Centerville, Ohio**

### **Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2005 (Unaudited)**

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#### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with an overview of the City's finances. If you have questions or need additional financial information, please contact Mark Schlagheck, Finance Director, City of Centerville, 100 W. Spring Valley Road, Centerville, Ohio 45458.



**CITY OF CENTERVILLE  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2005**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 1,906,282	\$ 216,403	\$ 2,122,685
Investments	15,409,520	373,952	15,783,472
Receivables (net):			
Taxes	3,983,210	-	3,983,210
Accounts	15,730	87,687	103,417
Intergovernmental	1,232,123	-	1,232,123
Interest	93,739	1,697	95,436
Special assessments	14,121,873	-	14,121,873
Internal balances	75,455	(75,455)	-
Inventory	44,028	236,981	281,009
Prepaid items	93,894	15,291	109,185
Deferred charges	160,535	-	160,535
Capital assets:			
Capital assets not subject to depreciation:			
Land and land improvements	3,659,081	15,166,876	18,825,957
Capital assets net of accumulated depreciation	<u>35,347,298</u>	<u>3,872,079</u>	<u>39,219,377</u>
 Total assets	 <u>\$ 76,142,768</u>	 <u>\$ 19,895,511</u>	 <u>\$ 96,038,279</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 329,729	\$ 37,695	\$ 367,424
Accrued liabilities	360,386	62,621	423,007
Deferred revenue	1,667,022	231,685	1,898,707
Deposit liability	-	28,655	28,655
Accrued interest payable	96,786	-	96,786
Noncurrent liabilities:			
Due within one year	1,064,506	27,236	1,091,742
Due in more than one year	<u>23,727,399</u>	<u>133,112</u>	<u>23,860,511</u>
 Total liabilities	 <u>27,245,828</u>	 <u>521,004</u>	 <u>27,766,832</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	14,775,382	19,032,210	33,807,592
Restricted for:			
Debt service	14,306,322	-	14,306,322
Other purposes	603,476	-	603,476
Unrestricted	<u>19,211,760</u>	<u>342,297</u>	<u>19,554,057</u>
 Total net assets	 <u>48,896,940</u>	 <u>19,374,507</u>	 <u>68,271,447</u>
 Total liabilities and net assets	 <u>\$ 76,142,768</u>	 <u>\$ 19,895,511</u>	 <u>\$ 96,038,279</u>

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 4,874,691	\$ 1,050,818	\$ -	\$ 218,827	\$ (3,605,046)		\$ (3,605,046)
Public safety	5,478,545	221,960	35,077	-	(5,221,508)		(5,221,508)
Community environment	236,856	100	-	-	(236,756)		(236,756)
Recreation	374,091	102,286	62,794	-	(209,011)		(209,011)
Transportation	3,331,467	616	1,225,236	-	(2,105,615)		(2,105,615)
Interest on long-term debt	1,233,977	-	-	-	(1,233,977)		(1,233,977)
Total governmental activities	<u>15,529,627</u>	<u>1,375,780</u>	<u>1,323,107</u>	<u>218,827</u>	<u>(12,611,913)</u>		<u>(12,611,913)</u>
Business-type activities:							
Waste collection	1,301,490	1,115,830	-	-		\$ (185,660)	(185,660)
Golf course operations	3,772,661	3,285,079	-	-		(487,582)	(487,582)
Yankee Trace equipment purchase	127,381	129,370	-	-		1,989	1,989
Total business-type activities	<u>5,201,532</u>	<u>4,530,279</u>	<u>-</u>	<u>-</u>		<u>(671,253)</u>	<u>(671,253)</u>
Total	<u>\$ 20,731,159</u>	<u>\$ 5,906,059</u>	<u>\$ 1,323,107</u>	<u>\$ 218,827</u>	<u>(12,611,913)</u>	<u>(671,253)</u>	<u>(13,283,166)</u>
General revenues:							
Taxes:							
Income taxes					10,166,320	-	10,166,320
Property taxes					1,219,582	-	1,219,582
Estate taxes					843,903	-	843,903
Grants and contributions not restricted to specific programs					875,005	-	875,005
Investment earnings					367,854	8,961	376,815
Gain on sale/disposal of capital assets					84,359	3,324	87,683
Miscellaneous					38,889	-	38,889
Transfers					(410,000)	410,000	-
Total general revenues and transfers					<u>13,185,912</u>	<u>422,285</u>	<u>13,608,197</u>
Change in net assets					573,999	(248,968)	325,031
Net assets - beginning					<u>48,322,941</u>	<u>19,623,475</u>	<u>67,946,416</u>
Net assets - ending					<u>\$ 48,896,940</u>	<u>\$19,374,507</u>	<u>\$ 68,271,447</u>

See Notes to the Basic Financial Statements.



**CITY OF CENTERVILLE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	General	Special Assessment Debt Retirement	Capital Improvements	Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Pooled cash and cash equivalents	\$ 29,943	\$ 70,735	\$ 1,024,051	\$ 502,309	\$ 1,627,038
Investments	4,353,303	113,200	7,225,964	2,840,333	14,532,800
Receivables (net):					
Taxes	3,983,210	-	-	-	3,983,210
Accounts	-	-	7,403	500	7,903
Intergovernmental	443,848	-	155,775	632,500	1,232,123
Interest	40,971	514	38,236	11,140	90,861
Special assessments	-	14,121,873	-	-	14,121,873
Due from other funds	92,885	-	-	82,753	175,638
Inventory	-	-	-	44,028	44,028
Prepaid items	78,761	-	-	15,133	93,894
	<u>78,761</u>	<u>-</u>	<u>-</u>	<u>15,133</u>	<u>93,894</u>
Total assets	<u>\$ 9,022,921</u>	<u>\$ 14,306,322</u>	<u>\$ 8,451,429</u>	<u>\$ 4,128,696</u>	<u>\$ 35,909,368</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 117,207	\$ -	\$ 172,173	\$ 32,349	\$ 321,729
Accrued liabilities	328,021	-	-	32,365	360,386
Due to other funds	82,753	-	-	26,996	109,749
Deferred revenue	2,926,251	13,485,504	202,536	442,779	17,057,070
	<u>2,926,251</u>	<u>13,485,504</u>	<u>202,536</u>	<u>442,779</u>	<u>17,057,070</u>
Total liabilities	<u>3,454,232</u>	<u>13,485,504</u>	<u>374,709</u>	<u>534,489</u>	<u>17,848,934</u>
Fund Balances:					
Reserved for:					
Debt service	-	820,818	-	2,119,763	2,940,581
Inventory	-	-	-	44,028	44,028
Prepaid items	78,761	-	-	15,133	93,894
Encumbrances	176,976	-	701,546	39,544	918,066
Unreserved, designated for capital projects	-	-	5,000,000	-	5,000,000
Unreserved, reported in:					
General fund	5,312,952	-	-	-	5,312,952
Special revenue funds	-	-	-	694,918	694,918
Capital projects funds	-	-	2,375,174	680,821	3,055,995
	<u>5,312,952</u>	<u>-</u>	<u>2,375,174</u>	<u>680,821</u>	<u>3,055,995</u>
Total fund balances	<u>5,568,689</u>	<u>820,818</u>	<u>8,076,720</u>	<u>3,594,207</u>	<u>18,060,434</u>
Total liabilities and fund balances	<u>\$ 9,022,921</u>	<u>\$ 14,306,322</u>	<u>\$ 8,451,429</u>	<u>\$ 4,128,696</u>	<u>\$ 35,909,368</u>

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE  
RECONCILIATION OF TOTAL  
GOVERNMENTAL FUND BALANCES TO NET  
ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2005**

Total governmental fund balances \$ 18,060,434

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

Capital assets used in governmental  
activities are not financial resources and  
therefore are not reported in the funds. 38,201,198

Other long-term assets are not available to  
pay for current-period expenditures and  
therefore are deferred in the funds:

Income taxes receivable	1,084,135
Other taxes and intergovernmental receivables	789,671
Special assessments	13,485,504
Other receivables	30,738

Internal service funds are used to charge  
the costs of certain activities to individual funds.  
The assets and liabilities of the internal service  
funds are included in governmental activities  
in the statement of net assets. 1,973,416

Long-term liabilities, including bonds payable,  
are not due and payable in the current period  
and therefore not reported in the funds:

Bonds payable	(25,056,000)
Issuance premium (to be amortized as interest expense)	(311,035)
Deferred charge on refunding	1,149,689
Deferred charge for issuance costs (to be amortized as interest expense)	160,535
Compensated absences	(560,908)
Capital lease payable	(13,651)
Accrued interest on long-term debt	(96,786)

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Net assets of governmental activities \$ 48,896,940

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See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General	Special Assessment Debt Retirement	Capital Improvements	Non-major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Local taxes	\$ 11,281,802	\$ -	\$ -	\$ -	\$ 11,281,802
Intergovernmental revenues	1,833,623	-	205,000	1,192,106	3,230,729
Special assessments	-	650,196	-	-	650,196
Charges for services	41,923	-	-	616	42,539
Fines, licenses and permits	261,991	-	-	1,963	263,954
Investment income	162,659	11,947	99,069	94,739	368,414
Lot sales	-	-	-	84,359	84,359
Rent	-	-	-	829,570	829,570
Miscellaneous receipts and reimbursements	232,117	-	1,500	22,487	256,104
<b>Total revenues</b>	<b>13,814,115</b>	<b>662,143</b>	<b>305,569</b>	<b>2,225,840</b>	<b>17,007,667</b>
<b>EXPENDITURES:</b>					
Current:					
General government	4,579,637	31,383	-	11,825	4,622,845
Public safety	5,161,720	-	-	34,328	5,196,048
Community environment	222,122	-	-	-	222,122
Recreation	310,104	-	-	13,191	323,295
Transportation	-	-	-	1,663,746	1,663,746
Capital outlay	-	-	1,895,439	347,815	2,243,254
Debt service:					
Principal	35,653	195,000	-	740,000	970,653
Interest and other charges	1,287	409,361	-	776,623	1,187,271
<b>Total expenditures</b>	<b>10,310,523</b>	<b>635,744</b>	<b>1,895,439</b>	<b>3,587,528</b>	<b>16,429,234</b>
Excess (deficiency) of revenues over (under) expenditures	3,503,592	26,399	(1,589,870)	(1,361,688)	578,433
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	3,850,000	650,000	4,500,000
Transfers out	(4,910,000)	-	-	-	(4,910,000)
Sale of capital assets	-	-	480,000	-	480,000
<b>Total other financing sources (uses)</b>	<b>(4,910,000)</b>	<b>-</b>	<b>4,330,000</b>	<b>650,000</b>	<b>70,000</b>
Net change in fund balances	(1,406,408)	26,399	2,740,130	(711,688)	648,433
Fund balances, beginning of year	6,975,097	794,419	5,336,590	4,305,895	17,412,001
Fund balances, end of year	\$ 5,568,689	\$ 820,818	\$ 8,076,720	\$ 3,594,207	\$ 18,060,434

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

Net change in fund balances - total governmental funds \$ 648,433

*Amounts reported for governmental activities in the Statement of Activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital asset additions	2,147,919
Current year depreciation	(2,107,429)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities, gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets. There were no proceeds.

(480,000)

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

Income taxes	104,101
Special assessments	(636,369)
Investment income	(558)
Other revenue	38,785

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

970,653

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Interest payable	2,206
Vacation and sick leave benefits	10,547
Amortization of deferred charge on refunding	(9,363)
Amortization of issuance costs	18,141
Amortization of bond premiums	(67,053)

Internal service funds are used by management to charge the costs of certain activities, such as the central garage, to individual funds. The net revenue (expense) of the internal service funds related to governmental activities is reported with governmental activities.

(66,014)

Change in net assets of governmental activities

\$ 573,999

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2005**

	Business-type Activities				Governmental Activities - Internal Service Funds
	Waste Collection	Golf Course Operations	Non-major Enterprise Fund	Totals	
<b>ASSETS</b>					
Current assets:					
Pooled cash and cash equivalents	\$ 14,281	\$ 57,368	\$ 144,754	\$ 216,403	\$ 279,244
Investments	373,952	-	-	373,952	876,720
Receivables (net):					
Accounts	60,781	26,906	-	87,687	7,827
Interest	1,697	-	-	1,697	2,878
Inventory	-	236,981	-	236,981	-
Prepaid items	7,742	7,549	-	15,291	-
Total current assets	<u>458,453</u>	<u>328,804</u>	<u>144,754</u>	<u>932,011</u>	<u>1,166,669</u>
Noncurrent assets:					
Capital assets:					
Capital assets not subject to depreciation:					
Land and land improvements	-	15,166,876	-	15,166,876	-
Capital assets net of accumulated depreciation					
	<u>995</u>	<u>3,556,585</u>	<u>314,499</u>	<u>3,872,079</u>	<u>805,181</u>
Total noncurrent assets	<u>995</u>	<u>18,723,461</u>	<u>314,499</u>	<u>19,038,955</u>	<u>805,181</u>
Total assets	<u>\$ 459,448</u>	<u>\$ 19,052,265</u>	<u>\$ 459,253</u>	<u>\$ 19,970,966</u>	<u>\$ 1,971,850</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 2,521	\$ 33,975	\$ 1,199	\$ 37,695	\$ 8,000
Accrued liabilities	34,906	27,715	-	62,621	-
Due to other funds	-	65,889	-	65,889	-
Deferred revenue	231,685	-	-	231,685	-
Deposit liability	-	28,655	-	28,655	-
Total current liabilities	<u>269,112</u>	<u>156,234</u>	<u>1,199</u>	<u>426,545</u>	<u>8,000</u>
Noncurrent liabilities:					
Capital lease payable	-	6,745	-	6,745	-
Compensated absences	<u>107,684</u>	<u>45,919</u>	<u>-</u>	<u>153,603</u>	<u>-</u>
Total noncurrent liabilities	<u>107,684</u>	<u>52,664</u>	<u>-</u>	<u>160,348</u>	<u>-</u>
Total liabilities	<u>376,796</u>	<u>208,898</u>	<u>1,199</u>	<u>586,893</u>	<u>8,000</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	995	18,716,716	314,499	19,032,210	805,181
Unrestricted	<u>81,657</u>	<u>126,651</u>	<u>143,555</u>	<u>351,863</u>	<u>1,158,669</u>
Total net assets	<u>82,652</u>	<u>18,843,367</u>	<u>458,054</u>	<u>19,384,073</u>	<u>1,963,850</u>
Total liabilities and net assets	<u>\$ 459,448</u>	<u>\$ 19,052,265</u>	<u>\$ 459,253</u>	<u>\$ 19,970,966</u>	<u>\$ 1,971,850</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund:				(9,566)	
Total net assets from above				<u>19,384,073</u>	
Net assets of business-type activities				<u>\$ 19,374,507</u>	

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Business-type Activities			Totals	Governmental Activities - Internal Service Funds
	Waste Collection	Golf Course Operations	Non-major Enterprise Fund		
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 1,115,243	\$ 3,244,202	\$ 129,370	\$ 4,488,815	\$ 282,400
Other revenue	587	40,877	-	41,464	22,681
Total operating revenues	<u>1,115,830</u>	<u>3,285,079</u>	<u>129,370</u>	<u>4,530,279</u>	<u>305,081</u>
<b>OPERATING EXPENSES:</b>					
Salaries and wages	635,128	1,173,990	-	1,809,118	-
Fringe benefits	181,423	247,255	-	428,678	-
Purchased services	276,592	1,242,257	-	1,518,849	54,874
Supplies and materials	87,542	723,595	16,940	828,077	775
Other expenses	108,352	242,295	-	350,647	17,585
Depreciation	537	142,716	110,441	253,694	333,231
Total operating expenses	<u>1,289,574</u>	<u>3,772,108</u>	<u>127,381</u>	<u>5,189,063</u>	<u>406,465</u>
Operating income (loss)	<u>(173,744)</u>	<u>(487,029)</u>	<u>1,989</u>	<u>(658,784)</u>	<u>(101,384)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income	5,159	-	3,802	8,961	20,146
Interest expense	-	(275)	-	(275)	-
Gain (loss) on disposal of assets	-	-	3,324	3,324	3,030
Total nonoperating revenues (expenses)	<u>5,159</u>	<u>(275)</u>	<u>7,126</u>	<u>12,010</u>	<u>23,176</u>
Income (loss) before transfers	(168,585)	(487,304)	9,115	(646,774)	(78,208)
Transfers in	-	410,000	-	410,000	-
Change in net assets	(168,585)	(77,304)	9,115	(236,774)	(78,208)
Total net assets - beginning of year	<u>251,237</u>	<u>18,920,671</u>	<u>448,939</u>		<u>2,042,058</u>
Total net assets - end of year	<u>\$ 82,652</u>	<u>\$ 18,843,367</u>	<u>\$ 458,054</u>		<u>\$ 1,963,850</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(12,194)	
Change in net assets of business-type activities				<u>\$ (248,968)</u>	

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Business-type Activities				Governmental Activities- Internal Service Funds
	Waste Collection	Golf Course Operations	Non-major Enterprise Fund	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 1,126,204	\$ 3,271,591	\$ 129,370	\$ 4,527,165	\$ 304,262
Cash paid to employees	(607,520)	(1,180,093)	-	(1,787,613)	-
Cash paid to suppliers of goods and services	(676,690)	(2,540,130)	(21,157)	(3,237,977)	(65,234)
Other receipts	587	40,877	-	41,464	-
Net cash provided (used) by operating activities	<u>(157,419)</u>	<u>(407,755)</u>	<u>108,213</u>	<u>(456,961)</u>	<u>239,028</u>
Cash flows from non-capital financing activities:					
Transfers, net	-	410,000	-	410,000	-
Cash flows from capital and related financing activities:					
Purchase of property and equipment	-	-	(110,002)	(110,002)	(193,295)
Proceeds from sale of property and equipment	-	-	3,324	3,324	1,145
Principal payments on capital lease	-	(2,161)	-	(2,161)	-
Interest payments on capital lease	-	(275)	-	(275)	-
Net cash used by capital and related financing activities	<u>-</u>	<u>(2,436)</u>	<u>(106,678)</u>	<u>(109,114)</u>	<u>(192,150)</u>
Cash flows from investing activities:					
Purchase of investments	(388,687)	-	-	(388,687)	(898,569)
Sale of investments	498,146	-	-	498,146	508,411
Interest received	14,119	-	3,802	17,921	34,955
Net cash provided (used) by investing activities	<u>123,578</u>	<u>-</u>	<u>3,802</u>	<u>127,380</u>	<u>(355,203)</u>
Increase (decrease) in cash and cash equivalents	(33,841)	(191)	5,337	(28,695)	(308,325)
Cash and cash equivalents at beginning of year	48,122	57,559	139,417	245,098	587,569
Cash and cash equivalents at end of year	<u>\$ 14,281</u>	<u>\$ 57,368</u>	<u>\$ 144,754</u>	<u>\$ 216,403</u>	<u>\$ 279,244</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (173,744)	\$ (487,029)	\$ 1,989	\$ (658,784)	\$ (101,384)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	537	142,716	110,441	253,694	333,231
Change in operating assets and liabilities:					
(Increase) decrease in receivables	(17,349)	18,097	-	748	(819)
(Increase) decrease in prepaid items	543	5,105	-	5,648	-
(Increase) decrease in inventories	-	11,217	-	11,217	-
Increase (decrease) in liabilities	32,594	(97,861)	(4,217)	(69,484)	8,000
Total adjustments	<u>16,325</u>	<u>79,274</u>	<u>106,224</u>	<u>201,823</u>	<u>340,412</u>
Net cash provided by operating activities	<u>\$ (157,419)</u>	<u>\$ (407,755)</u>	<u>\$ 108,213</u>	<u>\$ (456,961)</u>	<u>\$ 239,028</u>
Non-cash investing, capital and financing activities:					
Change in fair value of investments	\$ (14,735)	\$ -	\$ -	\$ (14,735)	\$ (21,849)

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
DECEMBER 31, 2005**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Pooled cash and cash equivalents	\$ 72,130
 Total assets	 <u>\$ 72,130</u>
 <b>LIABILITIES</b>	
Undistributed monies	<u>\$ 72,130</u>

See Notes to the Basic Financial Statements.



# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005

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### 1. Summary of Significant Accounting Policies

#### A. Reporting Entity

The City of Centerville (City) is a political unit incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The City was organized in 1968, and is a home rule municipal corporation under the laws of the State of Ohio. The City operates under a council-manager form of government as prescribed by City Charter. The City provides the following services: public safety (police), highways and streets, residential waste collection, recreation, public improvements, planning and zoning and general administrative services.

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. No separate government units meet the criteria for inclusion as a component unit.

#### B. Government-wide and Fund Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements distinguish between activities that are governmental in nature, which are normally supported by taxes and intergovernmental revenues; and business-type activities, which rely to a significant extent upon fees and charges for support. Interfund and internal service fund activities are generally eliminated to avoid the "doubling-up" effect on revenues and expenses. The government-wide financial statements do not include the assets and liabilities of the City's agency funds.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or a function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid

# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

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by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported in separate columns in the fund financial statements. All other funds are aggregated and reported as non-major governmental or non-major proprietary funds.

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, income taxes and interest on investments are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

*General Fund* – A fund used to account for government resources not accounted for in any other fund. The fund balance is available to the City for any purpose provided it is expended or transferred according to the City Charter and/or the general laws of the State of Ohio.

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

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*Special Assessment Debt Retirement Fund* – A fund provided to account for the payment of principal and interest on the City’s special assessment debt.

*Capital Improvements Fund* – A fund provided to account for the various capital improvement projects of the City including streets, sidewalks, land acquisition and building improvements.

The City reports the following major proprietary funds:

*Waste Collection Fund* – A fund provided to account for the collection of fees relating to the collection of refuse by the City.

*Golf Course Operations Fund* – A fund provided to account for the operation of the City’s municipal golf course, The Golf Club at Yankee Trace.

Additionally, the City reports the following fund types:

*Internal Service Funds* – Funds used to account for the financing of goods or services provided by one department to other departments of the City. These goods and services include vehicle purchase and payment of insurance deductibles.

*Agency Fund* – A fund used to account for assets held in a fiduciary capacity on behalf of others.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing

# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

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and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the waste collection enterprise fund, the golf course operations enterprise fund and the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Agency Funds.** The agency funds, being custodial in nature, are merely "assets equal liabilities" and, thus, do not involve the measurement of results of operations. Agency funds are accounted for using the accrual basis of accounting.

### **D. 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 sixty days of year end.

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

# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

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### **E. Assets, Liabilities and Net Assets or Equity**

#### **1. Deposits and Investments**

To improve cash management, cash received by the City is pooled. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "Pooled Cash and Cash Equivalents" and "Investments" on the balance sheet.

All investments of the City are recorded at fair value, in accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." The statement established accounting and reporting guidelines for government investments and investment pools.

For fiscal year 2005, the City has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures". GASB Statement No. 40 established and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also established and modified disclosure requirements for custodial credit risk on deposits. The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the City.

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

#### **2. Inventories and Prepaid Items**

Inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### **3. Capital Assets**

Capital assets include land, improvements to land, buildings, building improvements, machinery, equipment, infrastructure and all other assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, sidewalks, and similar items.

# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

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The City defines capital assets as assets with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year.

All capital assets are valued at historical cost, or estimated historical cost, if actual cost is not available. Donated capital assets are valued at their estimated fair market value at the time received. Interest on constructed capital assets is capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

<u>Description</u>	<u>Estimated Useful Life (In Years)</u>
Land improvements	10 to 25
Buildings and improvements	10 to 45
Machinery and equipment	3 to 20
Infrastructure	23 to 50

#### **4. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The total liability for vacation leave payments has been calculated using pay rates in effect at the balance sheet date.

#### **5. Bond Discounts, Premiums and Issuance Costs**

Bond discounts, premiums and issuance costs for government-wide statements and proprietary fund statements are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond discounts/premiums are presented as a reduction/ increase to the face amount of bonds payable whereas issuance costs are recorded as deferred charges.

The accounting gain/loss on refunded bonds (difference between the reacquisition price and the net carrying amount of the old debt) is amortized over the remaining life of the

# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

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old debt or the life of the new debt, whichever is shorter.

### **6. Reserves and Designations**

Reserves are portions of fund equity that are not appropriable for expenditures/expenses or that are legally restricted to a specific future use, or both.

Designations are tentative plans for financial resource use in a future period. Such plans or intentions are subject to change. They may never be legally authorized or result in expenditures.

### **7. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditures/ expenses during the reporting period. Actual results may differ from those estimates.

### **8. Interfund Activity**

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

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

## **2. Detailed Notes on All Funds**

### **A. Pooled Cash and Investments**

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Pooled cash and cash equivalents" and "Investments."

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

**Deposits** - At December 31, 2005, the carrying amount of the City's cash deposits (which includes Certificates of Deposits of \$500,000) was \$2,194,815 and the bank balance was \$2,460,157. Of the bank balance, \$200,000 was covered by federal depository insurance and the remainder was covered by single financial institution collateralized pools held in the financial institution's name as specified by Section 135.181 of the Ohio Revised Code.

The State of Ohio by Statute has established collateral requirements for financial institutions acting as public depositories. The public depositories must either pledge specific qualified securities with a market value of at least equal to 102% of the total amount of all public deposits to be secured, or pledge a pool of collateral with a market value of at least 105% of the total amount of public deposits secured. Pooled securities so pledged provide the equivalent of a deposit insurance fund. This approach protects all public entities against a single public depository collapse. The state has implemented collateral pools to minimize the interest penalty to public entities for protecting public deposits.

**Investments** - The Ohio Revised Code and the City's investment policy authorize the City to invest in the State Treasury Asset Reserve of Ohio, certificates of deposit, repurchase agreements, United States treasury bills and notes, federal agency securities, bankers' acceptances and commercial paper of the highest rating. The above legislative investment policy applies to all funds and fund types. All deposits are made to authorized public depositories and contracts with such institutions are in accordance with the Ohio Revised Code and the City's investment policy. All investments are reported at fair value which is based on quoted market prices.

The City invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2005. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. The State operates the pool in accordance with ORC Section 135.45. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2005.

A summary of the fair value of investments held, and year of maturities, as of December 31, 2005 is as follows:

	<u>Fair Value</u>	<u>Investments maturing in years ended</u>				
		<u>12/31/06</u>	<u>12/31/07</u>	<u>12/31/08</u>	<u>12/31/09</u>	<u>12/31/10</u>
U.S. agencies	\$14,866,177	\$1,486,405	\$2,721,457	\$1,427,169	\$6,682,264	\$2,548,882
Mutual bond fund	327,892	327,892	0	0	0	0
STAR Ohio	589,403	589,403	0	0	0	0
Total investments	<u>\$15,783,472</u>	<u>\$2,403,700</u>	<u>\$2,721,457</u>	<u>\$1,427,169</u>	<u>\$6,682,264</u>	<u>\$2,548,882</u>



# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

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Callable securities are assumed to remain uncalled prior to maturity.

*Interest Rate Risk* – As a means of limiting its exposure to fair value losses arising from fluctuating interest rates and in accordance with the ORC, the City’s investment policy limits investment portfolio maturities to five years or less. The investment policy also requires sufficient liquidity to be maintained in the portfolio, and that investments be scheduled to mature concurrently with ongoing cash requirements so that the City’s obligations can be met without selling securities.

*Credit Risk* – As of December 31, 2005, the City’s investments in U.S. agencies (not explicitly guaranteed by the U.S. government) and government-sponsored corporations were rated AAA by Standard & Poor’s and Aaa by Moody’s Investor Service.

*Concentration of Credit Risk* – To avoid over-concentration in securities from a specific issuer or business sector (excluding securities of the U.S. Treasury, U.S. government-sponsored agencies and U.S. government-sponsored corporations), the City has established the following maximum allocations based on investments valued at cost:

Nonnegotiable Certificates of Deposit	40%
Bankers Acceptances	5%
Prime Commercial Paper	3%

Investments in any one issuer that represent 5% or more of the total investments at December 31, 2005 include:

<u>Issuer:</u>	<u>Fair Value</u>	<u>Percent</u>
U.S. Government-sponsored Corporations:		
Federal National Mortgage Corporation	\$6,214,256	39.4%
Federal Home Loan Bank	4,004,553	25.4%
Federal Home Loan Mortgage Corporation	3,815,265	24.2%
Government National Mortgage Association	832,103	5.3%

### **B. Income Taxes**

The City levies a 1.75% income tax on substantially all income earned within the City. Additional increases in the income tax rate require voter approval. City residents pay City income tax on income earned outside the City; however, a credit is allowed for income taxes paid to other municipalities. Filing is mandatory for all residents.

# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

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Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

### C. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City. Property taxes are levied each December 31<sup>st</sup> on the assessed value listed as of the prior December 31<sup>st</sup>. Assessed values are established for real property at 35 percent of true value, for public utility property at 100% of true value, and for tangible property at 25% of true value (excluding the first \$10,000 of value). Property market values are required to be updated every three years and revalued every six years. The last revaluation was completed in 2002.

The property tax calendar is as follows:

Levy date	December 31, 2004
Lien date	December 31, 2004
Tax bill mailed	January 20, 2005
First installment payment due	February 15, 2005
Second installment payment due	July 15, 2005

The assessed values for the City at December 31, 2004, were as follows:

	Assessed Value
Real Estate	\$550,441,940
Tangible Personal Property	31,036,127
Public Utility Personal Property	<u>12,572,970</u>
Total	<u>\$594,051,037</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Centerville. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes may be paid on either an annual or semi-annual basis.

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

#### D. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

Governmental Activities	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ <u>3,691,548</u>	\$ <u>447,533</u>	\$( <u>480,000</u> )	\$ <u>3,659,081</u>
 <i>Capital assets being depreciated:</i>				
Building and improvements	8,509,236	29,454	0	8,538,690
Machinery and equipment	5,998,626	368,897	(148,279)	6,219,244
General infrastructure	<u>41,919,949</u>	<u>1,497,261</u>	<u>0</u>	<u>43,417,210</u>
Subtotal	<u>56,427,811</u>	<u>1,895,612</u>	<u>(148,279)</u>	<u>58,175,144</u>
 <i>Less accumulated depreciation for:</i>				
Building and improvements	1,120,062	211,222	0	1,331,284
Machinery and equipment	3,669,805	649,844	(148,232)	4,171,417
General infrastructure	<u>15,745,551</u>	<u>1,579,594</u>	<u>0</u>	<u>17,325,145</u>
Subtotal	<u>20,535,418</u>	<u>2,440,660</u>	<u>(148,232)</u>	<u>22,827,846</u>
 Net capital assets	 <u>\$ 39,583,941</u>	 <u>\$ (97,515)</u>	 <u>\$(480,047)</u>	 <u>\$ 39,006,379</u>

Depreciation was charged to governmental activities as follows:

General government	\$ 133,143
Public safety	356,271
Community environment	8,296
Recreation	55,379
Transportation	<u>1,760,355</u>
Total governmental activities depreciation expense	<u>\$ 2,313,444</u>
Portion of internal service funds' depreciation included above allocable to business-type activities	<u>127,216</u>
Total additions to accumulated depreciation of governmental activities	<u>\$ 2,440,660</u>

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

Business-type Activities	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ <u>15,166,876</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>15,166,876</u>
 <i>Capital assets being depreciated:</i>				
Building and improvements	4,037,103	0	0	4,037,103
Machinery and equipment	<u>1,706,061</u>	<u>110,002</u>	<u>(32,275)</u>	<u>1,783,788</u>
Subtotal	<u>5,743,164</u>	<u>110,002</u>	<u>(32,275)</u>	<u>5,820,891</u>
 <i>Less accumulated depreciation for:</i>				
Building and improvements	768,476	89,713	0	858,189
Machinery and equipment	<u>958,917</u>	<u>163,981</u>	<u>(32,275)</u>	<u>1,090,623</u>
Subtotal	<u>1,727,393</u>	<u>253,694</u>	<u>(32,275)</u>	<u>1,948,812</u>
 Net capital assets	 \$ <u>19,182,647</u>	 \$ <u>(143,692)</u>	 \$ <u>0</u>	 \$ <u>19,038,955</u>

Depreciation was charged to business-type activities as follows:

Waste collection	\$ 537
Golf course operations	142,716
Other business-type activities	<u>110,441</u>
Total business-type activities depreciation expense	\$ <u>253,694</u>
Portion of internal service funds' depreciation allocable to business-type activities	<u>127,216</u>
Total additions to accumulated depreciation of business-type activities	\$ <u>380,910</u>

# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

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### **E. Pension Plans**

All City employees are covered by one of two pension plans: the Ohio Public Employees Retirement System and the Ohio Police and Fire Pension Fund.

#### 1. Ohio Public Employees Retirement System (OPERS)

OPERS administers three separate pension plans. (1) The Traditional Pension Plan – a cost sharing multiple-employer defined benefit pension plan. (2) The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. (3) The Combined Plan – a cost sharing multiple-employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand alone financial report. That report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215 or by calling 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2005, member and employer contribution rates were consistent across all three plans. Plan members are required to contribute 8.5% of their annual covered salary and the City is required to contribute 13.55%. The City's required contributions to OPERS for the years ended December 31, 2005, 2004 and 2003, were \$689,388, \$699,401, and \$798,353, respectively.

#### 2. Ohio Police and Fire Pension Fund (OP&F)

OP&F is a cost-sharing, multiple-employer defined benefit pension plan which provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a publicly available financial report that

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.5% for police and 24.0% for firefighters. The City's contributions to the plan for police for the years ending December 31, 2005, 2004, and 2003 were \$535,039, \$525,285, and \$507,615, respectively. The unpaid contribution for 2005 was \$157,777, and is recorded as a liability within the respective fund.

#### **F. Post-employment Benefits**

In addition to the pension benefits described in Note E, both the Public Employees Retirement System of Ohio and the Ohio Police and Fire Pension Fund provide post-retirement health care coverage, commonly referred to as OPEB (other post-employment benefits). For both systems, the Ohio Revised Code provides the authority for public employers to fund postretirement health care through their contributions.

##### **1. Ohio Public Employees Retirement System**

OPERS administers three separate pension plans, the Traditional Plan, the Member-Directed Plan and the Combined Plan, each of which is described in note E.

OPERS provides retirement, disability, and survivor benefits as well as post-retirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as defined in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units, the 2005 rate was 13.55% of covered payroll, and 4% was used to fund health care for the year.

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

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The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

**Actuarial Review:** The assumptions and calculations below were based on OPERS' latest actuarial review, performed as of December 31, 2004.

**Funding Method:** An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

**Assets Valuation Method:** All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

**Investment Return:** The investment assumption rate for 2004 was 8.0%.

**Active Employee Total Payroll:** An annual increase of 4.0%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%.

**Health Care:** Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1.0% to 6.0% for the next 8 years. In subsequent years, health care costs were assumed to increase at 4.0% (the projected wage inflation rate).

The OPEB's are advanced funding on an actuarially determined basis. The number of active contributing participants to the Traditional Pension and Combined Plans was 376,109 as of December 31, 2005. The number of active contributing participants for both plans used in the December 31, 2004 actuarial valuation was 355,287. The portion of the City's contributions that were used to fund postemployment benefits was \$203,507. \$10.8 billion represents the actuarial valuation of OPERS' net assets available for OPEB at December 31, 2004. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

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restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs. Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs.

If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses. In addition, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

#### 2. Ohio Police and Fire Pension Fund

The plan provides post-retirement 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 person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll.

Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.75% of covered payroll in 2004 and in 2005. In addition, since July 1, 1992, most retirees and survivors were required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The number of participants eligible to receive health care benefits as of December 31, 2004, the date of the last actuarial valuation available, was 13,812 for Police and 10,528 for Firefighters. The City's annual contribution for 2005 that was used to fund postemployment benefits was \$212,410. The plan's total health care expenses for the year ended December 31, 2004 were \$102,173,796, which was net of member contributions of \$55,665,341.



## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

#### G. Interfund Receivables, Payables & Transfers

The composition of interfund balances as of December 31, 2005, is as follows:

*Internal balances:*

<u>Type</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Internal Service Allocation	\$9,566	\$(9,566)
Due to / Due from Other Funds	<u>65,889</u>	<u>(65,889)</u>
Total	<u>\$75,455</u>	<u>\$(75,455)</u>

*Due to / due from other funds:*

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Recreational Projects	\$ 26,996
General	Golf Course Operations	65,889
Golf Course Debt Retirement	General	<u>82,753</u>
Total		<u>\$175,638</u>

In 2004, rather than entering into a capital lease with a lending agency, the city financed the purchase of various machinery, furniture and equipment through the use of interfund advances. These advances are reported as interfund receivable and payables in their respective funds.

*Interfund transfers:*

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 0	\$4,910,000
Capital Improvements	3,850,000	0
Non-major Governmental	650,000	0
Golf Course Operations	<u>410,000</u>	<u>0</u>
Total	<u>\$4,910,000</u>	<u>\$4,910,000</u>

All interfund transfers are routine in nature and are to subsidize the operations of the applicable fund.

#### H. Capital Lease

The City has entered into a lease agreement as lessee for financing the acquisition of \$27,000 of machinery and equipment. The City has also financed the acquisition of \$11,160 of equipment for its Golf Course Operations by means of leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

The future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of December 31, 2005, were as follows:

	<u>Governmental Activities</u>	<u>Golf Course Operations</u>
2006	5,904	2,436
2007	5,904	2,436
2008	<u>2,469</u>	<u>2,233</u>
Total minimum lease payments	14,277	7,105
Less: amount representing interest	<u>(626)</u>	<u>(360)</u>
Present value of minimum lease payments	<u>\$13,651</u>	<u>\$6,745</u>

#### I. Long-term Debt

Long-term liability activity for the year ended December 31, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
<b>General Obligation Bonds:</b>					
Capital Facilities-Series 2001, 3.50%-5.125%	\$3,115,000	\$ 0	\$ 90,000	\$ 3,025,000	90,000
Various Purpose Refunding- Series 2003, 2.00%-5.25%	15,290,000	0	650,000	14,640,000	665,000
Less deferred amounts:					
For issuance premium	329,176	0	18,141	311,035	0
On refunding	<u>(1,216,742)</u>	<u>0</u>	<u>(67,053)</u>	<u>(1,149,689)</u>	<u>0</u>
Total general obligation bonds	17,517,434	0	691,088	16,826,346	755,000
<b>Special Assessment Bonds:</b>					
Street Improvement-Series 1987, 6.375%	31,000	0	10,000	21,000	10,000
Street Improvement-Series 1990, 7.90%	100,000	0	15,000	85,000	14,000
Street Improvement-Series 1994, 5.40%-6.60%	235,000	0	20,000	215,000	20,000
Street Improvement-Series 1995, 4.30%-5.625%	970,000	0	25,000	945,000	25,000
Street Improvement-Series 1998-1, 4.05%-5.35%	1,050,000	0	25,000	1,025,000	25,000
Street Improvement-Series 1998-2, 3.50%-5.00%	1,125,000	0	25,000	1,100,000	25,000
Street Improvement-Series 1999, 4.20%-5.75%	1,460,000	0	25,000	1,435,000	30,000
Street Improvement-Series 2000, 4.65%-5.75%	1,030,000	0	20,000	1,010,000	20,000

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

Street Improvement-Series 2001, 3.70%-5.50%	955,000	0	20,000	935,000	20,000
Street Improvement-Series 2002, 4.20%-5.30%	<u>630,000</u>	<u>0</u>	<u>10,000</u>	<u>620,000</u>	<u>15,000</u>
Total Special Assessment Bonds	7,586,000	0	195,000	7,391,000	204,000
<b>Other:</b>					
Capital leases	49,304	0	35,653	13,651	5,506
Compensated absences	<u>571,455</u>	<u>396,684</u>	<u>407,231</u>	<u>560,908</u>	<u>100,000</u>
Total Other	620,759	396,684	442,884	574,559	105,506
<b>Total-Governmental Activities</b>					
<i>Long-term Liabilities</i>	<u>\$25,724,193</u>	<u>\$396,684</u>	<u>\$1,328,972</u>	<u>\$24,791,905</u>	<u>\$1,064,506</u>
<b>Business-type Activities:</b>					
<b>Other:</b>					
Capital leases	\$ 8,906	\$ 0	\$ 2,161	\$ 6,745	\$ 2,236
Compensated absences	<u>142,526</u>	<u>70,165</u>	<u>59,088</u>	<u>153,603</u>	<u>25,000</u>
<b>Total-Business-type Activities</b>					
<i>Long-term Liabilities</i>	<u>\$151,432</u>	<u>\$70,165</u>	<u>\$61,249</u>	<u>\$160,348</u>	<u>\$27,236</u>

Outstanding general obligation bonds consist of street improvement, municipal and golf course and related structures and operational costs. General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the government.

Special assessment bonds maturing through 2032 consist of street, sidewalk and curb improvement issues which are payable from the proceeds of assessments against individual property owners. These bonds are backed by the full faith and credit of the City. In the event of delinquencies related to special assessment bonds, the City is required to use other resources until foreclosure proceeds are received to satisfy debt service.

The general obligation bonds will be paid through the Unvoted Debt Retirement Fund and the Golf Course Debt Retirement Fund. The special assessment bonds will be paid through the Special Assessment Bond Retirement Fund. The capital leases will be paid through the General Fund. Compensated absences will be paid through the General Fund and the Street Construction and Maintenance Fund.

The following table summarizes the City's future long-term bond service requirements as of December 31, 2005:

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

<b>Year Ending December 31:</b>	<b><u>General Obligation</u></b>		<b><u>Special Assessment</u></b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2006	755,000	760,473	204,000	399,620
2007	765,000	744,023	206,000	389,279
2008	790,000	726,915	199,000	378,708
2009	825,000	695,565	214,000	368,489
2010	850,000	662,670	229,000	357,471
2011-2015	4,750,000	2,828,622	1,214,000	1,597,935
2016-2020	5,600,000	1,671,140	1,405,000	1,256,243
2021-2025	3,110,000	503,763	1,820,000	832,412
2026-2030	220,000	11,275	1,820,000	303,589
2030-2032	<u>0</u>	<u>0</u>	<u>80,000</u>	<u>6,360</u>
 Total	 <u>\$17,665,000</u>	 <u>\$8,604,446</u>	 <u>\$7,391,000</u>	 <u>\$5,890,106</u>

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2005, the City had a legal debt margin for total debt of \$62,375,359 and a legal debt margin for unvoted debt of \$32,672,807.

In 2003, the City issued \$15,980,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Governments Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$14,685,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. This advance refunding was undertaken to reduce total debt service payments over the next twenty-two years by \$449,198 and resulted in an economic gain of \$510,217. At December 31, 2005, the bonds have no outstanding balance.

To provide for the Bethany Lutheran Village Continuing Care Facility, the City has issued three series of Health Care Variable Rate Demand Revenue Bonds. These bonds are special limited obligations of the City, payable solely from and secured by a letter of credit. The bonds do not constitute a debt or pledge of the faith and credit of the City, the County or the State, and, accordingly, have not been reported in the accompanying financial statements. At December 31, 2005, Health Care Variable Rate Demand Revenue Bonds outstanding aggregated \$1,800,000.

# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)

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### **J. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. Effective September 1, 2004, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA), a joint insurance pool. The pool consists of twenty municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability.

The City pays an annual premium to MVRMA for this coverage. The agreement provides that MVRMA will be self-sustaining through member premiums and the purchase of excess and stop-loss insurance. The deductible per occurrence for all types of claims is \$2,500. During 2005, MVRMA's per occurrence retention limit for property was \$200,000, with the exception of boiler and machinery for which there was a \$5,000 per occurrence retention limit. Liability had a per occurrence retention limit of \$1,000,000. After the retention limits are reached, excess insurance will cover up to the limits stated below:

General liability	\$7,000,000 per occurrence
Automobile liability	\$7,000,000 per occurrence
Public officials liability	\$7,000,000 per occurrence
Boiler and machinery	\$100,000,000 per occurrence
Property	\$1,000,000,000 per occurrence
Flood and earthquake	\$25,000,000 per occurrence

There were no significant reductions in insurance coverage during the year in any category of risk. Settled claims did not exceed insurance coverage in each of the past three years.

The City is a member of a workers' compensation group rating plan, which allows local governments to group the experience of employers for workers compensation rating purposes. The City pays the State Workers' Compensation System a premium based on salaries paid. The City also provides medical, dental and life insurance to all full time employees. In 2005, the City paid 100% of the premiums for the dental and life insurance coverages. In 2005, the City paid approximately 95% of the premiums for medical insurance coverage.

### **K. Contingent Liabilities**

Accounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

## **City of Centerville, Ohio**

### **Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2005 (continued)**

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The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have an adverse effect on the financial condition of the government.

**City of Centerville**  
**Required Supplementary Information**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**General Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Local Taxes	\$ 11,549,536	\$ 11,549,536	\$ 12,621,236	\$ 1,071,700
Intergovernmental revenues	869,808	869,808	839,057	(30,751)
Charges for services	25,700	25,700	41,923	16,223
Fines, licenses, and permits	311,800	311,800	266,633	(45,167)
Interest earned	200,000	200,000	159,795	(40,205)
Miscellaneous and reimbursements	152,500	152,500	232,117	79,617
Total revenues	<u>13,109,344</u>	<u>13,109,344</u>	<u>14,160,761</u>	<u>1,051,417</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	4,691,395	4,760,395	4,721,614	38,781
Public safety	5,448,178	5,244,178	5,249,775	(5,597)
Community environment	254,286	254,286	224,711	29,575
Recreation	470,572	470,572	402,937	67,635
Total expenditures	<u>10,864,431</u>	<u>10,729,431</u>	<u>10,599,037</u>	<u>130,394</u>
Excess (deficiency) of revenues over expenditures	2,244,913	2,379,913	3,561,724	1,181,811
<b>Other financing sources (uses):</b>				
Transfers (out)	<u>(4,500,000)</u>	<u>(4,910,000)</u>	<u>(4,910,000)</u>	-
Total other financing sources (uses)	<u>(4,500,000)</u>	<u>(4,910,000)</u>	<u>(4,910,000)</u>	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,255,087)	(2,530,087)	(1,348,276)	1,181,811
Fund balance at beginning of year	<u>5,637,019</u>	<u>5,637,019</u>	<u>5,637,019</u>	-
Fund balance at end of year	<u>\$ 3,381,932</u>	<u>\$ 3,106,932</u>	<u>\$ 4,288,743</u>	<u>\$ 1,181,811</u>

# City of Centerville, Ohio

## Notes to the Required Supplementary Information For the Fiscal Year Ended December 31, 2005

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### **1. Basis of Budgeting**

Basis of budgeting refers to when revenues and expenditures or expenses are recognized in the accounts. The City's budget for all funds is prepared on a cash-encumbrance basis by which transactions are recorded when cash is received or disbursed, or when a commitment has been recorded as an encumbrance against an applicable appropriation. All annual appropriations lapse at year-end to the extent they have not been expended or lawfully encumbered. Fund balances shown are unencumbered cash balances. This basis is utilized for all interim financial statements issued during the year.

The basis of budgeting differs from the accounting principles generally accepted in the United States of America (GAAP) used for the City's year-end financial statements contained in the Comprehensive Annual Financial Report (CAFR). Under that basis of accounting, revenues are generally recognized when the obligation to the City arises; the budget basis, however, recognizes revenue only when cash has been received. In the CAFR, expenditures are generally recognized in the period in which they are incurred. Under the budget basis, expenditures are recognized when cash has been disbursed or when an encumbrance has been placed against an appropriation.

Unencumbered appropriations lapse at year end. State law provides that, generally, no contract, agreement or other obligation involving the expenditure of money shall be entered into unless the Finance Officer first certifies that the money required for such contract, agreement, obligation or expenditure is in the treasury, or is anticipated to come into the treasury before the maturity of such contract (Ohio Revised Code 5705.41).

### **2. Budgets Process**

The City follows procedures prescribed by State law in establishing the budgetary data reflected in the financial statements as follows:

- (1) The County Budget Commission has suspended the requirement to prepare a tax budget. In lieu of the tax budget, about January 1 of each year, the City will submit to the Budget Commission a report of estimated revenue and actual unencumbered cash balances by fund. Thereafter, the County Budget Commission will issue an Official Certificate of Estimated Resources.
- (2) Unencumbered appropriations lapse at year-end. No contract, agreement or other obligation involving the expenditure of money shall be entered into unless the Director of Finance first certifies that the money required for such contract, agreement, obligation or expenditure is in the treasury, or is anticipated to come into the treasury, before the maturity of such contract.



## City of Centerville, Ohio

### Notes to the Required Supplementary Information For the Fiscal Year Ended December 31, 2005 (continued)

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- (3) All funds of the City have annual budgets legally adopted by the City Council. The exception is that when the City receives federal or state grant funds to aid in paying the cost of any program, activity, or function of the City, the amount received is deemed appropriated for such purpose.

The City Manager acts as budget officer for the City and submits a proposed operating budget to the City Council on an annual basis. Public hearings are held to obtain taxpayer comments. The Council enacts the budget through passage of an ordinance. The appropriations ordinance controls expenditures at the fund level. The appropriation measure may only be amended or supplemented during the year by ordinance of the City Council. The allocation of appropriations among departments and objects within a fund may be modified with approval of the City Manager. Appropriations may not exceed estimated resources. During the year, supplemental appropriations were made. The appropriations and estimated revenue reported within the Schedule of Revenue, Expenditure, and Changes in Fund Balance – Budget and Actual – Budgetary (Non-GAAP) Basis reflect the final appropriations and estimated revenues as approved by City Council and the County Budget Commission, respectively, at December 31, 2005.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances, since they do not constitute expenditures or liabilities.

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

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis for the general fund, the special assessment debt retirement fund and the capital improvements fund are presented on the budgetary basis in the Required Supplementary Information 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) as opposed to when they are both measurable and available (GAAP).
- (2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- (3) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).

# City of Centerville, Ohio

## Notes to the Required Supplementary Information For the Fiscal Year Ended December 31, 2005 (continued)

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### 3. Reconciliation of Budget Basis to GAAP Basis

The adjustments necessary to convert the results of operations and fund balances at end of the year on the GAAP basis to the budget basis are as follows:

	<b>General Fund</b>
GAAP basis	\$(1,406,408)
Net adjustment for revenue accruals	346,646
Net adjustment for expenditure accruals	(32,666)
Net adjustment for encumbrances	<u>(255,848)</u>
Budget basis	<u>\$(1,348,276)</u>

## City of Centerville Fund Descriptions

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### Non-Major Special Revenue Funds

Special revenue funds account for revenue sources that are legally restricted to expenditure for specific purposes.

***Street Construction and Maintenance Fund*** – A fund provided to account for the allocation of revenues derived from motor vehicle license fees and gasoline taxes. Expenditures are restricted by state law to maintenance and repair of streets within the City.

***State Highway Fund*** – A fund provided to account for the allocation of revenues derived from motor vehicle license fees and gasoline taxes. Expenditures are restricted by state law for maintenance and repair of state highways within the City.

***Permissive Tax Fund*** – A fund provided to account for permissive tax fees received from both the county and state. Expenditures are restricted to construction or permanent improvements of the streets and state highways within the City.

***Law Enforcement Fund*** – A fund provided to account for the fines generated in the prosecution of those in possession of contraband and the proceeds gained from the sale of confiscated contraband.

***Enforcement and Education Fund*** – A fund provided to account for fines imposed for the purpose of educating the public and enforcing the laws governing the operation of a motor vehicle while under the influence of alcohol.

***Drug Law Fund*** – A fund provided to account for mandatory fines imposed for drug offense convictions.

***Friends of Benham's Grove*** – A fund provided to account for the activities of the Friends of Benham's Grove.

***Hospital Insurance Fund*** – A fund provided to account for the remaining balance of the City's self-insured health insurance plan. The City ceased self-insurance in 1995. The balance of this fund will be used to offset future health insurance costs of the City.

***Police Operations Project Fund*** – A fund provided to account for various police related operations. This fund has been utilized to account for the transactions relating to the construction of a new police facility.

## City of Centerville Fund Descriptions

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### Non-Major Debt Service Funds

Debt service funds account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

***Unvoted Debt Retirement Fund*** – A fund provided to account for the payment of principal and interest on the City’s unvoted general obligations.

***Golf Course Debt Retirement Fund*** – A fund provided to account for the payment of principal and interest on the City’s general obligation debt related to the Golf Club at Yankee Trace and its related facilities.

### Non-Major Capital Projects Funds

Capital projects funds account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary funds.

***Recreational Projects Fund (Golf Course Expansion Fund)*** – A fund provided to account for the costs related to the expansion of the golf course.

***Capital Equipment Purchase Fund*** – A fund provided to account for the acquisition of major operating and office equipment.

***Special Assessment Improvements Fund*** – A fund provided to account for the revenues and expenditures relating to various special assessment projects throughout the City.

## City of Centerville Fund Descriptions

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### Non-Major Enterprise Fund

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises for which 1) the intent of the government's legislative body is that goods or services provided to the general public on a continuing basis be financed or recovered primarily through user charges, or 2) the government's legislative body has decided that periodic determination of net income is appropriate for accountability purposes.

*Yankee Trace Equipment Purchase Fund* – A fund provided to account for the acquisition of capital and equipment related to The Golf Club at Yankee Trace.

### Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

*Central Vehicle Purchase Fund* – A fund provided to account for the acquisition of motor vehicles by the City.

*Insurance Deductible Fund* – A fund provided to account for the payment of deductibles relating to the City's general insurance coverage.

### Agency Fund

Agency funds are used to account for assets held on behalf of other parties.

*Agency Fund* – A fund provided to account for assets held by the City as an agent for another organization.



**CITY OF CENTERVILLE  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	Non-major Special Revenue Funds	Non-major Debt Service Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 335,156	\$ 20,140	\$ 147,013	\$ 502,309
Investments	252,069	2,014,409	573,855	2,840,333
Receivables (net):				
Accounts	500	-	-	500
Intergovernmental	632,500	-	-	632,500
Interest	208	8,327	2,605	11,140
Due from other funds	-	82,753	-	82,753
Inventory	44,028	-	-	44,028
Prepaid items	15,133	-	-	15,133
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,279,594</u>	<u>\$ 2,125,629</u>	<u>\$ 723,473</u>	<u>\$ 4,128,696</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 16,693	\$ -	\$ 15,656	\$ 32,349
Accrued liabilities	32,365	-	-	32,365
Due to other funds	-	-	26,996	26,996
Deferred revenue	436,913	5,866	-	442,779
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>485,971</u>	<u>5,866</u>	<u>42,652</u>	<u>534,489</u>
Fund Balances:				
Reserved for:				
Debt service	-	2,119,763	-	2,119,763
Inventory	44,028	-	-	44,028
Prepaid Items	15,133	-	-	15,133
Encumbrances	39,544	-	-	39,544
Unreserved	694,918	-	680,821	1,375,739
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>793,623</u>	<u>2,119,763</u>	<u>680,821</u>	<u>3,594,207</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 1,279,594</u>	<u>\$ 2,125,629</u>	<u>\$ 723,473</u>	<u>\$ 4,128,696</u>

**CITY OF CENTERVILLE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Non-major Special Revenue Funds	Non-major Debt Service Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 1,192,106	\$ -	\$ -	\$ 1,192,106
Charges for services	616	-	-	616
Fines, licenses and permits	1,963	-	-	1,963
Investment income	23,245	63,612	7,882	94,739
Lot sales	-	84,359	-	84,359
Rent	-	829,570	-	829,570
Miscellaneous	<u>22,487</u>	<u>-</u>	<u>-</u>	<u>22,487</u>
 Total revenues	 <u>1,240,417</u>	 <u>977,541</u>	 <u>7,882</u>	 <u>2,225,840</u>
<b>EXPENDITURES:</b>				
Current:				
General government	11,825	-	-	11,825
Public safety	34,328	-	-	34,328
Recreation	13,191	-	-	13,191
Transportation	1,663,746	-	-	1,663,746
Capital outlay	182,509	-	165,306	347,815
Debt service:				
Principal	-	740,000	-	740,000
Interest	<u>-</u>	<u>776,623</u>	<u>-</u>	<u>776,623</u>
 Total expenditures	 <u>1,905,599</u>	 <u>1,516,623</u>	 <u>165,306</u>	 <u>3,587,528</u>
Deficiency of revenues over (under) expenditures	<u>(665,182)</u>	<u>(539,082)</u>	<u>(157,424)</u>	<u>(1,361,688)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>500,000</u>	<u>100,000</u>	<u>50,000</u>	<u>650,000</u>
 Total other financing sources (uses)	 <u>500,000</u>	 <u>100,000</u>	 <u>50,000</u>	 <u>650,000</u>
Net change in fund balances	(165,182)	(439,082)	(107,424)	(711,688)
Fund balances, beginning of year	<u>958,805</u>	<u>2,558,845</u>	<u>788,245</u>	<u>4,305,895</u>
Fund balances, end of year	<u>\$ 793,623</u>	<u>\$ 2,119,763</u>	<u>\$ 680,821</u>	<u>\$ 3,594,207</u>



**CITY OF CENTERVILLE  
COMBINING BALANCE SHEET  
NON-MAJOR SPECIAL REVENUE FUNDS  
DECEMBER 31, 2005**

(continued)

	Street Construction & Maintenance	State Highway	Permissive Tax	Law Enforcement	Enforcement & Education
<b>ASSETS</b>					
Pooled cash and cash equivalents	\$ 62,892	\$ 69,084	\$ 5,384	\$ 37,607	\$ 15,271
Investments	206,224	-	-	-	-
Receivables (net):					
Accounts	-	-	-	-	500
Intergovernmental	553,538	44,882	33,988	-	92
Interest	-	-	-	-	-
Inventory	44,028	-	-	-	-
Prepaid items	15,133	-	-	-	-
	<u>881,815</u>	<u>113,966</u>	<u>39,372</u>	<u>37,607</u>	<u>15,863</u>
Total assets	<u>\$ 881,815</u>	<u>\$ 113,966</u>	<u>\$ 39,372</u>	<u>\$ 37,607</u>	<u>\$ 15,863</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 11,731	\$ 1,436	\$ -	\$ 3,526	\$ -
Accrued liabilities	32,365	-	-	-	-
Deferred revenue	382,087	30,980	23,846	-	-
	<u>426,183</u>	<u>32,416</u>	<u>23,846</u>	<u>3,526</u>	<u>-</u>
Total liabilities	<u>426,183</u>	<u>32,416</u>	<u>23,846</u>	<u>3,526</u>	<u>-</u>
Fund Balances:					
Reserved for:					
Inventory	44,028	-	-	-	-
Prepaid items	15,133	-	-	-	-
Encumbrances	17,507	2,967	-	-	612
Unreserved	378,964	78,583	15,526	34,081	15,251
	<u>455,632</u>	<u>81,550</u>	<u>15,526</u>	<u>34,081</u>	<u>15,863</u>
Total fund balances	<u>455,632</u>	<u>81,550</u>	<u>15,526</u>	<u>34,081</u>	<u>15,863</u>
Total liabilities and fund balances	<u>\$ 881,815</u>	<u>\$ 113,966</u>	<u>\$ 39,372</u>	<u>\$ 37,607</u>	<u>\$ 15,863</u>

**CITY OF CENTERVILLE  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2005**

	Drug Law	Friends of Benham's Grove	Hospital Insurance	Police Operations Project	Non-major Special Revenue Funds Totals
<b>ASSETS</b>					
Pooled cash and investments	\$ 824	\$ 23,846	\$ 60,921	\$ 59,327	\$ 335,156
Investments	-	-	45,845	-	252,069
Receivables (net):					
Accounts	-	-	-	-	500
Intergovernmental	-	-	-	-	632,500
Interest	-	-	208	-	208
Inventory	-	-	-	-	44,028
Prepaid items	-	-	-	-	15,133
	<u>824</u>	<u>23,846</u>	<u>106,974</u>	<u>59,327</u>	<u>1,279,594</u>
Total assets	<u>\$ 824</u>	<u>\$ 23,846</u>	<u>\$ 106,974</u>	<u>\$ 59,327</u>	<u>\$ 1,279,594</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 16,693
Accrued liabilities	-	-	-	-	32,365
Deferred revenue	-	-	-	-	436,913
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>436,913</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>485,971</u>
Fund Balances:					
Reserved for:					
Inventory	-	-	-	-	44,028
Prepaid items	-	-	-	-	15,133
Encumbrances	-	-	-	18,458	39,544
Unreserved	<u>824</u>	<u>23,846</u>	<u>106,974</u>	<u>40,869</u>	<u>694,918</u>
Total fund balances	<u>824</u>	<u>23,846</u>	<u>106,974</u>	<u>59,327</u>	<u>793,623</u>
Total liabilities and fund balances	<u>\$ 824</u>	<u>\$ 23,846</u>	<u>\$ 106,974</u>	<u>\$ 59,327</u>	<u>\$ 1,279,594</u>

**CITY OF CENTERVILLE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES**  
**NON-MAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2005**

(continued)

	Street Construction & Maintenance	State Highway	Permissive Tax	Law Enforcement	Enforcement & Education
<b>REVENUES:</b>					
Intergovernmental revenues	\$ 941,581	\$ 73,958	\$ 176,567	\$ -	\$ -
Charges for services	616	-	-	-	-
Fines, licenses and permits	-	-	-	-	1,963
Investment income	11,621	1,957	2,273	1,774	493
Miscellaneous	991	-	-	3,671	6,148
	<u>954,809</u>	<u>75,915</u>	<u>178,840</u>	<u>5,445</u>	<u>8,604</u>
Total revenues					
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	28,988	5,340
Recreation	-	-	-	-	-
Transportation	1,614,834	48,912	-	-	-
Capital outlay	-	-	170,000	3,526	-
	<u>1,614,834</u>	<u>48,912</u>	<u>170,000</u>	<u>32,514</u>	<u>5,340</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>(660,025)</u>	<u>27,003</u>	<u>8,840</u>	<u>(27,069)</u>	<u>3,264</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(160,025)	27,003	8,840	(27,069)	3,264
Fund balances, beginning of year	<u>615,657</u>	<u>54,547</u>	<u>6,686</u>	<u>61,150</u>	<u>12,599</u>
Fund balances, end of year	<u>\$ 455,632</u>	<u>\$ 81,550</u>	<u>\$ 15,526</u>	<u>\$ 34,081</u>	<u>\$ 15,863</u>

**CITY OF CENTERVILLE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Drug Law	Friends of Benham's Grove	Hospital Insurance	Police Operations Project	Non-major Special Revenue Funds Totals
<b>REVENUES:</b>					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ 1,192,106
Charges for services	-	-	-	-	616
Fines, licenses and permits	-	-	-	-	1,963
Investment income	27	790	2,309	2,001	23,245
Miscellaneous	-	11,677	-	-	22,487
	<u>27</u>	<u>12,467</u>	<u>2,309</u>	<u>2,001</u>	<u>1,240,417</u>
Total revenues					
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	11,825	-	11,825
Public safety	-	-	-	-	34,328
Recreation	-	13,191	-	-	13,191
Transportation	-	-	-	-	1,663,746
Capital outlay	-	-	-	8,983	182,509
	<u>-</u>	<u>13,191</u>	<u>11,825</u>	<u>8,983</u>	<u>1,905,599</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>27</u>	<u>(724)</u>	<u>(9,516)</u>	<u>(6,982)</u>	<u>(665,182)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	500,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,000</u>
Total other financing sources (uses)					
Net change in fund balances	27	(724)	(9,516)	(6,982)	(165,182)
Fund balances, beginning of year	<u>797</u>	<u>24,570</u>	<u>116,490</u>	<u>66,309</u>	<u>958,805</u>
Fund balances, end of year	<u>\$ 824</u>	<u>\$ 23,846</u>	<u>\$ 106,974</u>	<u>\$ 59,327</u>	<u>\$ 793,623</u>

**City of Centerville**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**Street Construction and Maintenance Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 959,407	\$ 959,407	\$ 919,028	\$ (40,379)
Charges for services	1,000	1,000	616	(384)
Interest earned	6,000	6,000	11,621	5,621
Miscellaneous and reimbursements	-	-	991	991
Total revenues	<u>966,407</u>	<u>966,407</u>	<u>932,256</u>	<u>(34,151)</u>
Expenditures:				
Current:				
Transportation	<u>1,715,181</u>	<u>1,765,181</u>	<u>1,654,852</u>	<u>110,329</u>
Total expenditures	<u>1,715,181</u>	<u>1,765,181</u>	<u>1,654,852</u>	<u>110,329</u>
Excess (deficiency) of revenues over expenditures	(748,774)	(798,774)	(722,596)	76,178
Other financing sources (uses):				
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total other financing sources (uses)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(248,774)	(298,774)	(222,596)	76,178
Fund balance at beginning of year	<u>463,790</u>	<u>463,790</u>	<u>463,790</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 215,016</u></u>	<u><u>\$ 165,016</u></u>	<u><u>\$ 241,194</u></u>	<u><u>\$ 76,178</u></u>

**City of Centerville**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**State Highway Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 79,254	\$ 79,254	\$ 72,129	\$ (7,125)
Interest earned	600	600	1,956	1,356
Total revenues	<u>79,854</u>	<u>79,854</u>	<u>74,085</u>	<u>(5,769)</u>
Expenditures:				
Current:				
Transportation	<u>71,741</u>	<u>71,741</u>	<u>51,879</u>	<u>19,862</u>
Total expenditures	<u>71,741</u>	<u>71,741</u>	<u>51,879</u>	<u>19,862</u>
Excess (deficiency) of revenues over expenditures	8,113	8,113	22,206	14,093
Fund balance at beginning of year	<u>42,475</u>	<u>42,475</u>	<u>42,475</u>	<u>-</u>
Fund balance at end of year	<u>\$ 50,588</u>	<u>\$ 50,588</u>	<u>\$ 64,681</u>	<u>\$ 14,093</u>

**City of Centerville**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**Permissive Tax Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 181,000	\$ 181,000	\$ 170,863	\$ (10,137)
Interest earned	<u>2,000</u>	<u>2,000</u>	<u>2,273</u>	<u>273</u>
Total revenues	<u>183,000</u>	<u>183,000</u>	<u>173,136</u>	<u>(9,864)</u>
Expenditures:				
Capital outlay	<u>180,000</u>	<u>170,000</u>	<u>170,000</u>	<u>-</u>
Total expenditures	<u>180,000</u>	<u>170,000</u>	<u>170,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	3,000	13,000	3,136	(9,864)
Fund balance at beginning of year	<u>2,249</u>	<u>2,249</u>	<u>2,249</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,249</u>	<u>\$ 15,249</u>	<u>\$ 5,385</u>	<u>\$ (9,864)</u>

**City of Centerville**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**Law Enforcement Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 1,000	\$ 1,000	\$ 1,774	\$ 774
Miscellaneous and reimbursements	3,000	3,000	3,671	671
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>5,445</u>	<u>1,445</u>
Expenditures:				
Current:				
Public safety	<u>6,000</u>	<u>36,000</u>	<u>32,405</u>	<u>3,595</u>
Total expenditures	6,000	36,000	32,405	3,595
Excess (deficiency) of revenues over expenditures	(2,000)	(32,000)	(26,960)	5,040
Fund balance at beginning of year	<u>61,151</u>	<u>61,151</u>	<u>61,151</u>	<u>-</u>
Fund balance at end of year	<u>\$ 59,151</u>	<u>\$ 29,151</u>	<u>\$ 34,191</u>	<u>\$ 5,040</u>

**City of Centerville**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**Enforcement and Education Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Fines, licenses, and permits	\$ 2,000	\$ 2,000	\$ 2,204	\$ 204
Interest earned	150	150	493	343
Miscellaneous and reimbursements	<u>9,000</u>	<u>9,000</u>	<u>6,632</u>	<u>(2,368)</u>
Total revenues	11,150	11,150	9,329	(1,821)
Expenditures:				
Current:				
Public safety	<u>10,125</u>	<u>10,125</u>	<u>6,359</u>	<u>3,766</u>
Total expenditures	10,125	10,125	6,359	3,766
Excess (deficiency) of revenues over expenditures	1,025	1,025	2,970	1,945
Fund balance at beginning of year	<u>11,690</u>	<u>11,690</u>	<u>11,690</u>	<u>-</u>
Fund balance at end of year	<u>\$ 12,715</u>	<u>\$ 12,715</u>	<u>\$ 14,660</u>	<u>\$ 1,945</u>

**City of Centerville**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**Drug Law Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 10	\$ 10	\$ 27	\$ 17
Total revenues	<u>10</u>	<u>10</u>	<u>27</u>	<u>17</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	10	10	27	17
Fund balance at beginning of year	<u>796</u>	<u>796</u>	<u>796</u>	<u>-</u>
Fund balance at end of year	<u>\$ 806</u>	<u>\$ 806</u>	<u>\$ 823</u>	<u>\$ 17</u>

**City of Centerville**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**Friends of Benham's Grove Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 500	\$ 500	\$ 790	\$ 290
Miscellaneous and reimbursements	<u>7,000</u>	<u>7,000</u>	<u>11,677</u>	<u>4,677</u>
Total revenues	7,500	7,500	12,467	4,967
Expenditures:				
Current:				
Recreation	<u>14,375</u>	<u>26,375</u>	<u>13,291</u>	<u>13,084</u>
Total expenditures	14,375	26,375	13,291	13,084
Excess (deficiency) of revenues over expenditures	(6,875)	(18,875)	(824)	18,051
Fund balance at beginning of year	<u>24,670</u>	<u>24,670</u>	<u>24,670</u>	<u>-</u>
Fund balance at end of year	<u>\$ 17,795</u>	<u>\$ 5,795</u>	<u>\$ 23,846</u>	<u>\$ 18,051</u>



**City of Centerville**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**Hospital Insurance Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 2,500	\$ 2,500	\$ 3,528	\$ 1,028
Total revenues	2,500	2,500	3,528	1,028
Expenditures:				
Current:				
General government	15,000	15,000	11,825	3,175
Total expenditures	15,000	15,000	11,825	3,175
Excess (deficiency) of revenues over expenditures	(12,500)	(12,500)	(8,297)	4,203
Fund balance at beginning of year	116,869	116,869	116,869	-
Fund balance at end of year	\$ 104,369	\$ 104,369	\$ 108,572	\$ 4,203

**City of Centerville**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**Police Operations Project Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 1,300	\$ 1,300	\$ 2,001	\$ 701
Total revenues	1,300	1,300	2,001	701
Expenditures:				
Current:				
Public safety	2,000	2,000	-	2,000
Capital outlay	8,105	18,105	11,633	6,472
Total expenditures	10,105	20,105	11,633	8,472
Excess (deficiency) of revenues over expenditures	(8,805)	(18,805)	(9,632)	9,173
Fund balance at beginning of year	68,959	68,959	68,959	-
Fund balance at end of year	\$ 60,154	\$ 50,154	\$ 59,327	\$ 9,173

**CITY OF CENTERVILLE  
 COMBINING BALANCE SHEET  
 NON-MAJOR DEBT SERVICE FUNDS  
 DECEMBER 31, 2005**

	Unvoted Debt <u>Retirement</u>	Golf Course Debt <u>Retirement</u>	Non-major Debt Service <u>Funds Totals</u>
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 10,405	\$ 9,735	\$ 20,140
Investments	-	2,014,409	2,014,409
Receivables (net):			
Interest	-	8,327	8,327
Due from other funds	-	82,753	82,753
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 10,405</u>	<u>\$ 2,115,224</u>	<u>\$ 2,125,629</u>
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deferred revenue	\$ -	\$ 5,866	\$ 5,866
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>-</u>	<u>5,866</u>	<u>5,866</u>
 Fund Balances:			
Reserved for:			
Debt service	<u>10,405</u>	<u>2,109,358</u>	<u>2,119,763</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>10,405</u>	<u>2,109,358</u>	<u>2,119,763</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 10,405</u>	<u>\$ 2,115,224</u>	<u>\$ 2,125,629</u>

**CITY OF CENTERVILLE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES  
 NON-MAJOR DEBT SERVICE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	Unvoted Debt Retirement	Golf Course Debt Retirement	Non-major Debt Service Funds Totals
<b>REVENUES:</b>			
Investment income	\$ 1,838	\$ 61,774	\$ 63,612
Lot sales	-	84,359	84,359
Rent	-	829,570	829,570
	<u>1,838</u>	<u>975,703</u>	<u>977,541</u>
Total revenues			
<b>EXPENDITURES:</b>			
Debt service:			
Principal	70,000	670,000	740,000
Interest and fiscal charges	42,303	734,320	776,623
	<u>112,303</u>	<u>1,404,320</u>	<u>1,516,623</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(110,465)	(428,617)	(539,082)
<b>OTHER FINANCING USES:</b>			
Transfers in	100,000	-	100,000
	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total other financing uses			
Net change in fund balances	(10,465)	(428,617)	(439,082)
Fund balances, beginning of year	20,870	2,537,975	2,558,845
	<u>20,870</u>	<u>2,537,975</u>	<u>2,558,845</u>
Fund balances, end of year	\$ 10,405	\$ 2,109,358	\$ 2,119,763
	<u>\$ 10,405</u>	<u>\$ 2,109,358</u>	<u>\$ 2,119,763</u>

**City of Centerville**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**Unvoted Debt Retirement Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 1,600	\$ 1,600	\$ 1,838	\$ 238
Total revenues	<u>1,600</u>	<u>1,600</u>	<u>1,838</u>	<u>238</u>
Expenditures:				
Debt service:				
Principal	70,000	70,000	70,000	-
Interest and fiscal charges	<u>42,303</u>	<u>42,303</u>	<u>42,303</u>	<u>-</u>
Total expenditures	<u>112,303</u>	<u>112,303</u>	<u>112,303</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(110,703)	(110,703)	(110,465)	238
Other financing sources (uses):				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(10,703)	(10,703)	(10,465)	238
Fund balance at beginning of year	<u>20,871</u>	<u>20,871</u>	<u>20,871</u>	<u>-</u>
Fund balance at end of year	<u>\$ 10,168</u>	<u>\$ 10,168</u>	<u>\$ 10,406</u>	<u>\$ 238</u>

**City of Centerville**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**Golf Course Debt Retirement Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 90,000	\$ 90,000	\$ 109,658	\$ 19,658
Sale of property	160,540	160,540	94,652	(65,888)
Miscellaneous and reimbursements	829,570	829,570	829,570	-
Total revenues	1,080,110	1,080,110	1,033,880	(46,230)
Expenditures:				
Debt service:				
Principal	670,000	670,000	670,000	-
Interest and fiscal charges	734,321	734,321	734,320	1
Total expenditures	1,404,321	1,404,321	1,404,320	1
Excess (deficiency) of revenues over expenditures	(324,211)	(324,211)	(370,440)	(46,229)
Fund balance at beginning of year	2,527,483	2,527,483	2,527,483	-
Fund balance at end of year	<u>\$ 2,203,272</u>	<u>\$ 2,203,272</u>	<u>\$ 2,157,043</u>	<u>\$ (46,229)</u>

**City of Centerville**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**Special Assessment Debt Retirement Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Special assessments	\$ 639,332	\$ 639,332	\$ 653,159	\$ 13,827
Interest earned	14,000	14,000	14,959	959
Total revenues	653,332	653,332	668,118	14,786
Expenditures:				
Current:				
General government	36,500	36,500	31,383	5,117
Debt service:				
Principal	195,000	195,000	195,000	-
Interest and fiscal charges	409,420	409,420	409,361	59
Total expenditures	640,920	640,920	635,744	5,176
Excess (deficiency) of revenues over expenditures	12,412	12,412	32,374	19,962
Fund balance at beginning of year	156,022	156,022	156,022	-
Fund balance at end of year	<u>\$ 168,434</u>	<u>\$ 168,434</u>	<u>\$ 188,396</u>	<u>\$ 19,962</u>

**CITY OF CENTERVILLE  
COMBINING BALANCE SHEET  
NON-MAJOR CAPITAL PROJECTS FUNDS  
DECEMBER 31, 2005**

	Recreational Projects	Capital Equipment Purchase	Special Assessment Improvements	Non-major Capital Projects Funds Totals
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 140,739	\$ 342	\$ 5,932	\$ 147,013
Investments	67,791	82,476	423,588	573,855
Receivables (net):				
Interest	<u>308</u>	<u>375</u>	<u>1,922</u>	<u>2,605</u>
 Total assets	 <u>\$ 208,838</u>	 <u>\$ 83,193</u>	 <u>\$ 431,442</u>	 <u>\$ 723,473</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,042	\$ 14,614	\$ -	\$ 15,656
Due to other funds	<u>26,996</u>	<u>-</u>	<u>-</u>	<u>26,996</u>
 Total liabilities	 <u>28,038</u>	 <u>14,614</u>	 <u>-</u>	 <u>42,652</u>
 Fund Balances:				
Unreserved	<u>180,800</u>	<u>68,579</u>	<u>431,442</u>	<u>680,821</u>
 Total fund balances	 <u>180,800</u>	 <u>68,579</u>	 <u>431,442</u>	 <u>680,821</u>
 Total liabilities and fund balances	 <u>\$ 208,838</u>	 <u>\$ 83,193</u>	 <u>\$ 431,442</u>	 <u>\$ 723,473</u>

**CITY OF CENTERVILLE  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Recreational Projects</u>	<u>Capital Equipment Purchase</u>	<u>Special Assessment Improvements</u>	<u>Non-major Capital Projects Funds Totals</u>
<b>REVENUES:</b>				
Investment income	\$ 7,207	\$ 605	\$ 70	\$ 7,882
Total revenues	<u>7,207</u>	<u>605</u>	<u>70</u>	<u>7,882</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>98,899</u>	<u>66,407</u>	<u>-</u>	<u>165,306</u>
Total expenditures	<u>98,899</u>	<u>66,407</u>	<u>-</u>	<u>165,306</u>
Net change in fund balances	(91,692)	(65,802)	70	(157,424)
<b>OTHER FINANCING USES:</b>				
Transfers in	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total other financing uses	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(91,692)	(15,802)	70	(107,424)
Fund balances, beginning of year	<u>272,492</u>	<u>84,381</u>	<u>431,372</u>	<u>788,245</u>
Fund balances, end of year	<u>\$ 180,800</u>	<u>\$ 68,579</u>	<u>\$ 431,442</u>	<u>\$ 680,821</u>

**City of Centerville**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**Capital Improvements Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 323,000	\$ 323,000	\$ 100,000	\$ (223,000)
Interest earned	180,000	180,000	200,769	20,769
Miscellaneous and reimbursements	-	-	75,329	75,329
Total revenues	<u>503,000</u>	<u>503,000</u>	<u>376,098</u>	<u>(126,902)</u>
Expenditures:				
Capital outlay	<u>5,226,959</u>	<u>4,226,959</u>	<u>2,701,596</u>	<u>1,525,363</u>
Total expenditures	5,226,959	4,226,959	2,701,596	1,525,363
Excess (deficiency) of revenues over expenditures	(4,723,959)	(3,723,959)	(2,325,498)	1,398,461
Other financing sources (uses):				
Sale of capital assets	480,000	480,000	480,000	-
Transfers in	<u>3,850,000</u>	<u>3,850,000</u>	<u>3,850,000</u>	<u>-</u>
Total other financing sources (uses)	4,330,000	4,330,000	4,330,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(393,959)	606,041	2,004,502	1,398,461
Fund balance at beginning of year	<u>5,525,759</u>	<u>5,525,759</u>	<u>5,525,759</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,131,800</u>	<u>\$ 6,131,800</u>	<u>\$ 7,530,261</u>	<u>\$ 1,398,461</u>

**City of Centerville**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**Recreational Projects Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 6,000	\$ 6,000	\$ 9,411	\$ 3,411
Total revenues	6,000	6,000	9,411	3,411
Expenditures:				
Capital outlay	<u>117,032</u>	<u>142,032</u>	<u>138,235</u>	<u>3,797</u>
Total expenditures	117,032	142,032	138,235	3,797
Excess (deficiency) of revenues over expenditures	(111,032)	(136,032)	(128,824)	7,208
Fund balance at beginning of year	<u>320,525</u>	<u>320,525</u>	<u>320,525</u>	<u>-</u>
Fund balance at end of year	<u>\$ 209,493</u>	<u>\$ 184,493</u>	<u>\$ 191,701</u>	<u>\$ 7,208</u>



**City of Centerville**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**Capital Equipment Purchase Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 3,000	\$ 3,000	\$ 2,799	\$ (201)
Total revenues	3,000	3,000	2,799	(201)
Expenditures:				
Capital outlay	145,773	145,773	101,557	44,216
Total expenditures	145,773	145,773	101,557	44,216
Excess (deficiency) of revenues over expenditures	(142,773)	(142,773)	(98,758)	44,015
Other financing sources (uses):				
Transfers in	50,000	50,000	50,000	-
Total other financing sources (uses)	50,000	50,000	50,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(92,773)	(92,773)	(48,758)	44,015
Fund balance at beginning of year	120,428	120,428	120,428	-
Fund balance at end of year	<u>\$ 27,655</u>	<u>\$ 27,655</u>	<u>\$ 71,670</u>	<u>\$ 44,015</u>

**City of Centerville**  
**Schedule of Revenue, Expenditures, & Changes in Fund Balances -**  
**Budget and Actual - Budgetary (Non-GAAP) Basis**  
**Special Assessment Improvements Fund**  
**For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 12,000	\$ 12,000	\$ 13,733	\$ 1,733
Total revenues	12,000	12,000	13,733	1,733
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	12,000	12,000	13,733	1,733
Fund balance at beginning of year	432,480	432,480	432,480	-
Fund balance at end of year	<u>\$ 444,480</u>	<u>\$ 444,480</u>	<u>\$ 446,213</u>	<u>\$ 1,733</u>

**CITY OF CENTERVILLE  
 COMBINING BALANCE SHEET  
 INTERNAL SERVICE FUNDS  
 DECEMBER 31, 2005**

	Central Vehicle Purchase	Insurance Deductible	Internal Service Totals
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Current assets:			
Pooled cash and cash equivalents	\$ 196,335	\$ 82,909	\$ 279,244
Investments	731,833	144,887	876,720
Receivables (net):			
Accounts	-	7,827	7,827
Accrued interest	<u>2,221</u>	<u>657</u>	<u>2,878</u>
Total current assets	<u>930,389</u>	<u>236,280</u>	<u>1,166,669</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>805,181</u>	<u>-</u>	<u>805,181</u>
Total noncurrent assets	<u>805,181</u>	<u>-</u>	<u>805,181</u>
Total assets	<u>\$ 1,735,570</u>	<u>\$ 236,280</u>	<u>\$ 1,971,850</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ 8,000</u>
Total current liabilities	<u>-</u>	<u>8,000</u>	<u>8,000</u>
Total liabilities	<u>-</u>	<u>8,000</u>	<u>8,000</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	805,181	-	805,181
Unrestricted	<u>930,389</u>	<u>228,280</u>	<u>1,158,669</u>
Total net assets	<u>1,735,570</u>	<u>228,280</u>	<u>1,963,850</u>
Total liabilities and net assets	<u>\$ 1,735,570</u>	<u>\$ 236,280</u>	<u>\$ 1,971,850</u>

**CITY OF CENTERVILLE  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Central Vehicle Purchase	Insurance Deductible	Internal Service Totals
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 282,400	\$ -	\$ 282,400
Other revenue	<u>-</u>	<u>22,681</u>	<u>22,681</u>
Total operating revenues	<u>282,400</u>	<u>22,681</u>	<u>305,081</u>
<b>OPERATING EXPENSES:</b>			
Purchased services	-	54,874	54,874
Supplies and materials	775	-	775
Other expenses	-	17,585	17,585
Depreciation	<u>333,231</u>	<u>-</u>	<u>333,231</u>
Total operating expenses	<u>334,006</u>	<u>72,459</u>	<u>406,465</u>
Operating income (loss)	<u>(51,606)</u>	<u>(49,778)</u>	<u>(101,384)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income	16,635	3,511	20,146
Gain (loss) on disposal of assets	<u>3,030</u>	<u>-</u>	<u>3,030</u>
Total nonoperating revenues (expenses)	<u>19,665</u>	<u>3,511</u>	<u>23,176</u>
Income (loss)	(31,941)	(46,267)	(78,208)
Change in net assets	(31,941)	(46,267)	(78,208)
Net assets, beginning of year	<u>1,767,511</u>	<u>274,547</u>	<u>2,042,058</u>
Net assets, end of year	<u>\$ 1,735,570</u>	<u>\$ 228,280</u>	<u>\$ 1,963,850</u>

**CITY OF CENTERVILLE  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Central Vehicle Purchase	Insurance Deductible	Total Internal Service
Cash flows from operating activities:			
Cash received from customers	\$ 282,400	\$ 21,862	\$ 304,262
Cash paid to suppliers of goods and services	<u>(775)</u>	<u>(64,459)</u>	<u>(65,234)</u>
Net cash provided by operating activities	<u>281,625</u>	<u>(42,597)</u>	<u>239,028</u>
Cash flows from capital and related financing activities:			
Purchase of property and equipment	(193,295)	-	(193,295)
Proceeds from sale of property and equipment	<u>1,145</u>	<u>-</u>	<u>1,145</u>
Net cash used by capital and related financing activities	<u>(192,150)</u>	<u>-</u>	<u>(192,150)</u>
Cash flows from investing activities:			
Purchase of investments	(747,973)	(150,596)	(898,569)
Sale of investments	362,217	146,194	508,411
Interest received	<u>27,589</u>	<u>7,366</u>	<u>34,955</u>
Net cash provided (used) by investing activities	<u>(358,167)</u>	<u>2,964</u>	<u>(355,203)</u>
Increase (decrease) in cash and cash equivalents	(268,692)	(39,633)	(308,325)
Cash and cash equivalents at beginning of year	<u>465,027</u>	<u>122,542</u>	<u>587,569</u>
Cash and cash equivalents at end of year	<u>\$ 196,335</u>	<u>\$ 82,909</u>	<u>\$ 279,244</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	<u>\$ (51,606)</u>	<u>\$ (49,778)</u>	<u>\$ (101,384)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	333,231	-	333,231
Change in operating assets and liabilities:			
(Increase) decrease in receivables	-	(819)	(819)
Increase (decrease) in liabilities	<u>-</u>	<u>8,000</u>	<u>8,000</u>
Total adjustments	<u>333,231</u>	<u>7,181</u>	<u>340,412</u>
Net cash provided by operating income	<u>\$ 281,625</u>	<u>\$ (42,597)</u>	<u>\$ 239,028</u>
Non-cash investing, capital and financing activities:			
Change in fair value of investments	\$ (16,140)	(5,709)	\$ (21,849)

**CITY OF CENTERVILLE  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2005**

	Agency Funds Totals
<b>ASSETS</b>	
Pooled cash and cash equivalents	\$ 72,130
Total assets	<u>\$ 72,130</u>
<b>LIABILITIES</b>	
Undistributed monies	<u>\$ 72,130</u>

**CITY OF CENTERVILLE  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2005**

	Balance at January 1, 2005	Additions	Deductions	Balance at December 31, 2005
<b><u>Agency Fund</u></b>				
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 54,207	\$ 97,891	\$ 79,968	\$ 72,130
Receivables:				
Accounts	<u>21,030</u>	<u>-</u>	<u>21,030</u>	<u>-</u>
Total assets	<u>\$ 75,237</u>	<u>\$ 97,891</u>	<u>\$ 100,998</u>	<u>\$ 72,130</u>
<b>LIABILITIES</b>				
Undistributed monies	<u>\$ 75,237</u>	<u>\$ 72,130</u>	<u>\$ 75,237</u>	<u>\$ 72,130</u>

# Statistical Section

# CITY OF CENTERVILLE, OHIO

## Statistical Section

December 31, 2005

This part of the City of Centerville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

### Contents

### Page

#### **Financial Trends (Schedules 1 - 4)**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

81 - 87

#### **Revenue Capacity (Schedules 5 - 6)**

These schedules contain information to help the reader assess the City's most significant local revenue source, the municipal income tax.

88 - 89

#### **Debt Capacity (Schedules 7 - 8)**

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

90 - 92

#### **Demographic and Economic Information (Schedules 9-10)**

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

93 - 94

#### **Operating Information (Schedules 11-13)**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

95 - 99

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.





**CITY OF CENTERVILLE, OHIO**

*Schedule 1*

Net Assets by Component

Last Four Years (*accrual basis of accounting*)

	<b>December 31,</b>			
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002, as restated</b>
Governmental activities:				
Invested in capital assets, net of related debt	\$ 14,775,382	\$ 14,431,202	\$ 12,654,880	\$ 12,070,026
Restricted for:				
Debt service	14,306,322	14,916,292	15,546,088	16,151,025
Other purposes	603,476	751,436	574,908	585,801
Unrestricted	<u>19,211,760</u>	<u>18,224,011</u>	<u>18,481,736</u>	<u>17,907,057</u>
Total governmental activities net assets	<u>48,896,940</u>	<u>48,322,941</u>	<u>47,257,612</u>	<u>46,713,909</u>
Business-type activities:				
Invested in capital assets, net of related debt	19,032,210	19,182,647	19,150,434	19,450,350
Unrestricted	<u>342,297</u>	<u>440,828</u>	<u>656,116</u>	<u>745,395</u>
Total business-type activities net assets	<u>19,374,507</u>	<u>19,623,475</u>	<u>19,806,550</u>	<u>20,195,745</u>
Total				
Invested in capital assets, net of related debt	33,807,592	33,613,849	31,805,314	31,520,376
Restricted for:				
Debt service	14,306,322	14,916,292	15,546,088	16,151,025
Other purposes	603,476	751,436	574,908	585,801
Unrestricted	<u>19,554,057</u>	<u>18,664,839</u>	<u>19,137,852</u>	<u>18,652,452</u>
Total governmental activities net assets	<u>\$ 68,271,447</u>	<u>\$ 67,946,416</u>	<u>\$ 67,064,162</u>	<u>\$ 66,909,654</u>

**Note:** Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the city.

**CITY OF CENTERVILLE, OHIO**

*Schedule 2*

Changes in Net Assets

Last Four Years (*accrual basis of accounting*)

	<b>Year Ended December 31,</b>			
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002, as restated</b>
<b>Expenses</b>				
Governmental activities:				
General government	\$ 4,874,691	\$ 4,280,576	\$ 5,233,702	\$ 5,711,155
Public safety	5,478,545	5,296,904	5,067,412	6,501,600
Community environment	236,856	225,372	226,539	230,450
Recreation	374,091	371,276	337,779	304,430
Transportation	3,331,467	3,158,165	3,132,375	2,904,500
Cost of lots	-	-	-	171,111
Interest on long-term debt	1,233,977	1,260,351	1,058,305	1,427,377
Total governmental activities expenses	<u>15,529,627</u>	<u>14,592,644</u>	<u>15,056,112</u>	<u>17,250,623</u>
Business-type activities:				
Waste collection	1,301,490	1,242,631	1,232,981	1,127,309
Golf course operations	3,772,661	3,957,023	3,924,753	3,765,614
Yankee Trace equipment purchase	127,381	162,761	126,307	113,205
Total business-type activities expenses	<u>5,201,532</u>	<u>5,362,415</u>	<u>5,284,041</u>	<u>5,006,128</u>
 Total expenses	 <u>\$ 20,731,159</u>	 <u>\$ 19,955,059</u>	 <u>\$ 20,340,153</u>	 <u>\$ 22,256,751</u>
<b>Program revenues</b>				
Governmental activities:				
General government	\$ 1,269,645	\$ 1,085,680	\$ 1,049,807	\$ 2,783,330
Public safety	257,037	243,912	208,623	328,366
Community environment	100	200,857	100,120	27,710
Recreation	165,080	183,670	122,699	183,936
Transportation	1,225,852	1,145,370	1,076,721	982,373
Total governmental activities program revenues	<u>2,917,714</u>	<u>2,859,489</u>	<u>2,557,970</u>	<u>4,305,715</u>
Business-type activities:				
Waste collection	1,115,830	1,098,132	1,083,707	1,064,883
Golf course operations	3,285,079	3,476,082	3,500,997	3,392,328
Yankee Trace equipment purchase	129,370	120,200	119,600	94,740
Total business-type activities program revenues	<u>4,530,279</u>	<u>4,694,414</u>	<u>4,704,304</u>	<u>4,551,951</u>
 Total program revenues	 <u>\$ 7,447,993</u>	 <u>\$ 7,553,903</u>	 <u>\$ 7,262,274</u>	 <u>\$ 8,857,666</u>

**CITY OF CENTERVILLE, OHIO**

*Schedule 2*

Changes in Net Assets

*(continued)*

Last Four Years

	<b>Year Ended December 31,</b>			
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002, as restated</b>
<b>Net (Expense) Revenue</b>				
Governmental activities:				
General government	\$ (3,605,046)	\$ (3,194,896)	\$ (4,183,895)	\$ (2,927,825)
Public safety	(5,221,508)	(5,052,992)	(4,858,789)	(6,173,234)
Community environment	(236,756)	(24,515)	(126,419)	(202,740)
Recreation	(209,011)	(187,606)	(215,080)	(120,494)
Transportation	(2,105,615)	(2,012,795)	(2,055,654)	(1,922,127)
Cost of lots	-	-	-	(171,111)
Interest on long-term debt	(1,233,977)	(1,260,351)	(1,058,305)	(1,427,377)
Total governmental activities	<u>(12,611,913)</u>	<u>(11,733,155)</u>	<u>(12,498,142)</u>	<u>(12,944,908)</u>
Business-type activities:				
Waste collection	(185,660)	(144,499)	(149,274)	(62,426)
Golf course operations	(487,582)	(480,941)	(423,756)	(373,286)
Yankee Trace equipment purchase	1,989	(42,561)	(6,707)	(18,465)
Total business-type activities	<u>(671,253)</u>	<u>(668,001)</u>	<u>(579,737)</u>	<u>(454,177)</u>
Total	<u><u>\$(13,283,166)</u></u>	<u><u>\$(12,401,156)</u></u>	<u><u>\$(13,077,879)</u></u>	<u><u>\$(13,399,085)</u></u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities:				
Taxes:				
Income taxes	10,166,320	9,590,830	9,236,374	8,879,241
Property taxes	1,219,582	1,135,886	1,284,929	1,091,953
Estate taxes	843,903	983,949	963,872	1,268,383
Grants and contributions not restricted to a specific program	875,005	870,889	943,425	843,798
Investment earnings	367,854	546,099	131,640	717,046
Gain on sale/disposal of capital assets	84,359	58,970	600,529	865,775
Miscellaneous	38,889	11,861	116,076	120,539
Transfers	(410,000)	(400,000)	(235,000)	(183,000)
Total governmental activities	13,185,912	12,798,484	13,041,845	13,603,735
Business-type activities:				
Grants and contributions not restricted to a specific program	-	63,126	-	-
Investment earnings	8,961	21,800	4,088	38,766
Gain on sale/disposal of capital assets	3,324	-	(48,546)	52,177
Transfers	410,000	400,000	235,000	183,000
Total business-type activities	422,285	484,926	190,542	273,943
Total	<u><u>\$ 13,608,197</u></u>	<u><u>\$ 13,283,410</u></u>	<u><u>\$ 13,232,387</u></u>	<u><u>\$ 13,877,678</u></u>
<b>Changes in Net Assets</b>				
Governmental activities	573,999	1,065,329	543,703	658,827
Business-type activities	(248,968)	(183,075)	(389,195)	(180,234)
Total	<u><u>\$ 325,031</u></u>	<u><u>\$ 882,254</u></u>	<u><u>\$ 154,508</u></u>	<u><u>\$ 478,593</u></u>

**CITY OF CENTERVILLE, OHIO**

Fund Balances, Governmental Funds

Last Six Years (*modified accrual basis of accounting*)

	<b>December 31,</b>			
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>General Fund</b>				
Reserved for:				
Prepaid items	\$ 78,761	\$ 110,501	\$ 173,289	\$ 156,872
Land held for investments	-	-	-	-
Encumbrances	176,976	-	75,524	232,050
Unreserved	<u>5,312,952</u>	<u>6,864,596</u>	<u>5,780,314</u>	<u>5,059,946</u>
Total general fund	<u>\$ 5,568,689</u>	<u>\$ 6,975,097</u>	<u>\$ 6,029,127</u>	<u>\$ 5,448,868</u>
 <b>All Other Governmental Funds</b>				
Reserved for:				
Debt service	\$ 2,940,581	\$ 3,353,264	\$ 3,811,660	\$ 3,026,656
Inventory	44,028	35,120	56,438	58,572
Prepaid items	15,133	12,619	23,497	22,437
Encumbrances	741,090	383,776	1,410,046	1,412,821
Unreserved:				
Designated for capital projects	5,000,000	4,000,000	3,000,000	2,000,000
Undesignated	<u>3,750,913</u>	<u>2,652,125</u>	<u>3,175,673</u>	<u>5,334,571</u>
Total all other governmental funds	<u>\$ 12,491,745</u>	<u>\$ 10,436,904</u>	<u>\$ 11,477,314</u>	<u>\$ 11,855,057</u>

*Schedule 3*

<u>2001</u>	<u>2000</u>
\$ 89,766	\$ 95,201
171,111	636,461
119,715	106,811
<u>5,812,789</u>	<u>6,317,850</u>
<u>\$ 6,193,381</u>	<u>\$ 7,156,323</u>
\$ 2,639,475	\$ 2,180,128
57,528	43,330
23,599	15,709
1,285,332	5,237,379
1,000,000	-
<u>4,832,889</u>	<u>2,249,795</u>
<u>\$ 9,838,823</u>	<u>\$ 9,726,341</u>

**CITY OF CENTERVILLE, OHIO**

Changes in Fund Balances, Governmental Funds

Last Six Years (modified accrual basis of accounting)

	<b>Year Ended December 31,</b>			
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>Revenues:</b>				
Local taxes	\$ 11,281,802	\$ 11,898,470	\$ 11,625,368	\$ 11,408,207
Intergovernmental revenue	3,230,729	2,329,184	1,940,402	2,560,085
Special assessments	650,196	637,844	667,587	657,154
Charges for services	42,539	36,621	26,269	44,870
Fines, licenses and permits	263,954	323,679	310,452	288,950
Investment income	368,414	520,173	94,140	717,045
Lot sales	84,359	52,963	646,128	865,775
Rent	829,570	824,160	728,240	592,902
Miscellaneous receipts and reimbursements	256,104	243,138	314,790	325,012
Total revenues	<u>17,007,667</u>	<u>16,866,232</u>	<u>16,353,376</u>	<u>17,460,000</u>
<b>Expenditures:</b>				
Current:				
General government	4,622,845	4,174,281	4,675,143	4,261,860
Public safety	5,196,048	5,119,241	4,916,423	4,736,661
Community environment	222,122	223,763	229,265	228,481
Recreation	323,295	473,920	339,476	353,670
Transportation	1,663,746	1,590,739	1,584,698	1,458,064
Cost of lots	-	-	-	171,111
Capital outlay	2,243,254	2,820,757	2,953,958	3,427,992
Debt service:				
Principal	970,653	944,382	349,293	588,464
Interest and other charges	1,187,271	1,213,589	1,073,865	1,428,976
Total expenditures	<u>16,429,234</u>	<u>16,560,672</u>	<u>16,122,121</u>	<u>16,655,279</u>
Excess (deficiency) of revenues over (under) expenditures	578,433	305,560	231,255	804,721
<b>Other Financing Sources (Uses):</b>				
Transfers in	4,500,000	2,350,000	2,600,000	5,374,093
Proceeds from issuance of bonds	-	-	206,261	650,000
Sale of capital assets	480,000	-	-	-
Transfers out	(4,910,000)	(2,750,000)	(2,835,000)	(5,557,093)
Total other financing sources (uses)	70,000	(400,000)	(28,739)	467,000
Net change in fund balances	<u>\$ 648,433</u>	<u>\$ (94,440)</u>	<u>\$ 202,516</u>	<u>\$ 1,271,721</u>
Debt service as a percentage of noncapital expenditures	17.94%	18.63%	12.12%	18.28%

*Schedule 4*

<u>2001</u>	<u>2000</u>
\$ 11,287,865	\$ 11,275,083
2,441,947	1,946,156
611,861	531,738
30,925	37,131
320,574	323,793
562,189	992,481
1,091,792	1,519,020
592,100	590,700
<u>446,001</u>	<u>188,252</u>
17,385,254	17,404,354
4,196,468	3,739,545
4,288,344	3,935,400
222,035	203,051
360,426	347,284
1,346,245	1,356,198
465,350	760,450
9,791,204	5,103,291
522,787	1,665,399
<u>1,241,855</u>	<u>1,356,429</u>
22,434,714	18,467,047
(5,049,460)	(1,062,693)
5,619,155	4,555,536
4,405,000	1,136,500
-	-
<u>(5,825,155)</u>	<u>(4,555,536)</u>
4,199,000	1,136,500
<u>\$ (850,460)</u>	<u>\$ 73,807</u>
16.95%	31.54%

**CITY OF CENTERVILLE, OHIO****Schedule 5****Income Tax by Payer Type and Income Tax Rate**Last Ten Years *(cash basis of accounting - excluding refunds)*

Collection Year	Individual		Net Profits	Total	Income Tax Rate
	Withheld by Employer	Non- Withholding			
2005	\$ 6,943,943	\$ 2,195,418	\$ 1,226,959	\$ 10,366,320	1.75%
2004	6,514,163	1,871,115	865,552	9,250,830	1.75%
2003	6,540,595	1,890,745	785,037	9,216,377	1.75%
2002	6,269,119	1,811,472	818,649	8,899,240	1.75%
2001	6,410,823	1,782,484	702,248	8,895,555	1.75%
2000	6,172,226	1,726,655	759,089	8,657,970	1.75%
1999	5,637,976	1,759,665	885,168	8,282,809	1.75%
1998	5,412,274	1,651,457	936,385	8,000,116	1.75%
1997	4,861,805	1,448,647	691,923	7,002,375	1.75%
1996	4,458,787	1,433,286	593,352	6,485,425	1.75%

Source: City of Centerville, Ohio Finance Department

The City levies a 1.75% income tax on substantially all income earned within the City. Additional increases in the income tax rate require voter approval. City residents pay City income tax earned outside the City. However, a credit is allowed for income taxes paid to other municipalities. Employers within the City withhold income tax on employee compensation and remit at least quarterly.



**CITY OF CENTERVILLE, OHIO**

*Schedule 6*

Ranking of Top Ten Income Tax Withholders  
 Current Year and Five Years Ago *(cash basis of accounting)*

2005		2000		
Rank	Name	Rank	Rank	Name
1	Centerville Board of Education	1	1	Centerville Board of Education
2	Federal Government	2	2	Federal Government
3	Graceworks Lutheran Services <sup>(1)</sup>	-	3	United Healthcare Services, Inc.
4	Reed Elsevier, Inc.	3	4	Lutheran Social Services
5	Voss Auto Network, Inc.	4	5	Reed Elsevier, Inc.
6	City of Centerville	5	6	Voss Auto Network, Inc.
7	Franciscan at St. Leonard	9	7	Bob Ross Buick, Inc.
8	National City Corporation	6	8	City of Centerville
9	Bob Ross Buick, Inc.	-	9	Ikon Office Solutions, Inc.
10	The Kroger Company	7	10	Franciscan at St. Leonard
Combined percentage of total income taxes:		Combined percentage of total income taxes:		
22.37%		22.92%		

Source: City of Centerville, Ohio Finance Department

Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer. The City chose not to disclose the percentages and number of filers by income level because the City does not maintain this information.

<sup>(1)</sup> Formerly known as Lutheran Social Services. Doing business as Bethany Lutheran Village.

**CITY OF CENTERVILLE, OHIO**

Ratios of Outstanding Debt and Legal Debt Margins  
Last Ten Years

	2005	2004	2003
General Obligation Bonds	\$ 17,665,000	\$ 18,405,000	\$ 19,125,000
Special Assessment Bonds	\$ 7,391,000	\$ 7,586,000	\$ 7,776,000
Total Outstanding Bonds	\$ 25,056,000	\$ 25,991,000	\$ 26,901,000
<hr/>			
Assessed value of taxable property (1)	\$ 594,051,037	\$ 572,029,090	\$ 560,038,783
General Obligation Bonds as a percentage of total assessed value of taxable property	2.97%	3.22%	3.41%
Population (2)	23,122	23,122	23,092
General Obligation Bonds per capita	\$764	\$796	\$828
<hr/>			
Total Outstanding Bonds	\$ 25,056,000	\$ 25,991,000	\$ 26,901,000
Less debt not subject to limitation:			
Bonds issued in anticipation of the collection of special assessments	\$ (7,391,000)	\$ (7,586,000)	\$ (7,776,000)
Bonds issued in anticipation of the collection of municipal income tax	<u>\$ (17,665,000)</u>	<u>\$ (18,405,000)</u>	<u>\$ (19,125,000)</u>
Net debt subject to 10-1/2% limitation (3)	\$0	\$0	\$0
Voted and Unvoted Debt Limit - 10-1/2% of assessed value	\$ 62,375,359	\$ 60,063,054	\$ 58,804,072
Legal Debt Margin within 10-1/2% limitation	<u>\$ 62,375,359</u>	<u>\$ 60,063,054</u>	<u>\$ 58,804,072</u>
Net debt subject to 5-1/2% limitation (4)	\$0	\$0	\$0
Unvoted Debt Limit - 5-1/2% of assessed value	\$ 32,672,807	\$ 31,461,600	\$ 30,802,133
Legal Debt Margin within 5-1/2% limitation	<u>\$ 32,672,807</u>	<u>\$ 31,461,600</u>	<u>\$ 30,802,133</u>

(1) Source: Montgomery County, Ohio Auditor

(2) Source: U.S. Census Bureau

(3) The Ohio Revised Code provides that the aggregate principal amount of voted and unvoted "net indebtedness" may not exceed 10-1/2% of the assessed valuation.

(4) The Ohio Revised Code provides that the aggregate principal amount of unvoted "net indebtedness" may not exceed 5-1/2% of the assessed valuation.

Schedule 7

2002	2001	2000	1999	1998	1997	1996
\$ 17,970,000	\$ 18,365,000	\$ 15,450,000	\$ 15,795,000	\$ 16,135,000	\$ 16,555,000	\$ 16,975,000
\$ 7,951,000	\$ 7,460,000	\$ 6,601,000	\$ 5,605,000	\$ 4,126,000	\$ 1,755,000	\$ 1,805,000
\$ 25,921,000	\$ 25,825,000	\$ 22,051,000	\$ 21,400,000	\$ 20,261,000	\$ 18,310,000	\$ 18,780,000
<hr/>						
\$ 501,634,521	\$ 494,333,152	\$ 486,885,446	\$ 460,641,652	\$ 441,099,061	\$ 428,659,127	\$ 390,053,970
3.58%	3.72%	3.17%	3.43%	3.66%	3.86%	4.35%
23,045	23,025	23,024	21,082	21,082	21,082	21,082
\$780	\$798	\$671	\$749	\$765	\$785	\$805
<hr/>						
\$ 25,921,000	\$ 25,825,000	\$ 22,051,000	\$ 21,400,000	\$ 20,261,000	\$ 18,310,000	\$ 18,780,000
\$ (7,951,000)	\$ (7,460,000)	\$ (6,601,000)	\$ (5,605,000)	\$ (4,126,000)	\$ (1,755,000)	\$ (1,805,000)
<u>\$ (17,970,000)</u>	<u>\$ (18,365,000)</u>	<u>\$ (15,450,000)</u>	<u>\$ (15,795,000)</u>	<u>\$ (16,135,000)</u>	<u>\$ (16,555,000)</u>	<u>\$ (16,975,000)</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$ 52,671,625	\$ 51,904,981	\$ 51,122,972	\$ 48,367,373	\$ 46,315,401	\$ 45,009,208	\$ 40,955,667
<u>\$ 52,671,625</u>	<u>\$ 51,904,981</u>	<u>\$ 51,122,972</u>	<u>\$ 48,367,373</u>	<u>\$ 46,315,401</u>	<u>\$ 45,009,208</u>	<u>\$ 40,955,667</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$ 27,589,899	\$ 27,188,323	\$ 26,778,700	\$ 25,335,291	\$ 24,260,448	\$ 23,576,252	\$ 21,452,968
<u>\$ 27,589,899</u>	<u>\$ 27,188,323</u>	<u>\$ 26,778,700</u>	<u>\$ 25,335,291</u>	<u>\$ 24,260,448</u>	<u>\$ 23,576,252</u>	<u>\$ 21,452,968</u>

**CITY OF CENTERVILLE, OHIO**  
 Computation of Direct and Overlapping  
 General Obligation Debt  
 December 31, 2005

*Schedule 8*

Jurisdiction	Net Debt Outstanding	Percentage Applicable To City	Amount Applicable To City of Centerville
<b>Direct:</b>			
City of Centerville	\$ 17,665,000	100.00%	\$ 17,665,000
<b>Overlapping:</b>			
Centerville City School District	75,893,798	38.73%	29,393,668
Washington Township Park District	2,397,500	38.79%	929,990
Montgomery County	30,462,940	5.89%	1,794,267
Miami Valley Regional Transit Authority	8,765,000	5.89%	<u>516,259</u>
		Subtotal - Overlapping	32,634,184
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 50,299,184</u></u>

Source: Ohio Municipal Advisory Council

**CITY OF CENTERVILLE, OHIO**  
 Demographic and Economic Statistics  
 Last Ten Fiscal Years

*Schedule 9*

Year	Population (1)(a)	Per Capita Income (1)(b)	Personal Income	School Enrollment (2)	Unemployment Rate Montgomery County (3)	Total Assessed Property Value (4)
2005	23,122	\$ 30,210	\$ 698,515,620	8,210	5.80%	\$ 594,051,037
2004	23,122	\$ 30,210	\$ 698,515,620	8,151	6.20%	572,029,090
2003	23,092	\$ 30,210	\$ 697,609,320	8,055	6.30%	560,038,783
2002	23,045	\$ 30,210	\$ 696,189,450	7,821	5.60%	501,634,521
2001	23,025	\$ 30,210	\$ 695,585,250	7,419	4.30%	494,333,152
2000	23,024	\$ 30,210	\$ 695,555,040	7,446	3.80%	486,885,446
1999	21,082	\$ 30,210	\$ 636,887,220	7,371	3.80%	460,641,652
1998	21,082	\$ 30,210	\$ 636,887,220	7,295	4.10%	441,099,061
1997	21,082	\$ 30,210	\$ 636,887,220	7,221	4.00%	428,659,127
1996	21,082	\$ 30,210	\$ 636,887,220	7,295	4.40%	390,053,970

- Source:
- (1) U.S. Census Bureau Population Division
    - (a) For years prior to 2000 population listed is from the 1990 Census.
    - (b) Per capita income is from the 2000 Census.
  - (2) Centerville City School District Board of Education
  - (3) Ohio Department of Job and Family Services
  - (4) Montgomery County Auditor

**CITY OF CENTERVILLE, OHIO**

*Schedule 10*

Principal Employers  
Current Year and Two Years Ago

Employer	2004		2002	
	Approximate Number of Employees	Rank	Approximate Number of Employees	Rank
Centerville Board of Education	1,285	1	750	1
Graceworks Lutheran Services <sup>(1)</sup>	650	2	539	2
Franciscan at St. Leonard	362	3	349	3
City of Centerville	250	4	261	4
Kroger	220	5	215	5
Heartland Employment <sup>(2)</sup>	200	6	200	6
Voss Auto Network	195	7	180	7
Bob Ross Buick	145	8	136	9
Dimco Gray	129	9	145	8
RETS Tech Center	110	10	-	-
Elder Beerman Department Stores	-	-	130	10

Source: City of Centerville, Ohio Economic Development Department

Note: The listing of principal employers from nine years ago is not available. Total number of employees within the City of Centerville is not available. The Economic Development Department conducts its survey every two years. 2004 is the most recent survey information available.

<sup>(1)</sup> Formerly known as Lutheran Social Services. Doing business as Bethany Lutheran Village.

<sup>(2)</sup> Heartland Employment left the City in 2005.

**CITY OF CENTERVILLE, OHIO***Schedule 11*City Government Employees by Function (*full-time equivalents*)  
Last Eight Years

<u>Function</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General government	30.60	30.55	30.45	29.80	29.35	31.70	31.60	34.10
Public safety	55.00	56.25	56.25	55.75	54.50	54.50	52.00	48.00
Community environment	3.75	3.75	3.75	4.00	4.00	4.00	4.00	4.00
Recreation	3.35	4.00	4.00	3.90	3.80	3.50	3.50	3.50
Transportation	21.00	21.75	25.00	25.00	25.00	25.00	23.00	23.00
Waste collection	12.00	13.00	13.00	13.00	13.00	12.00	12.00	12.00
Golf course operations	<u>62.50</u>	<u>64.50</u>	<u>64.50</u>	<u>65.00</u>	<u>65.50</u>	<u>65.50</u>	<u>64.50</u>	<u>66.00</u>
Total	<u>188.20</u>	<u>193.80</u>	<u>196.95</u>	<u>196.45</u>	<u>195.15</u>	<u>196.20</u>	<u>190.60</u>	<u>190.60</u>

Source: City of Centerville, Ohio Finance Department

**CITY OF CENTERVILLE, OHIO**  
 Operating Indicators by Function/Program  
 Last Ten Years

<u>Function/program</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
<b>General Government</b>							
Purchase orders issued	2,550	2,499	2,462	2,214	1,114	871	610
Payroll checks/direct deposits issued	6,400	6,285	6,457	6,120	6,086	6,212	6,639
Accounts payable checks issued	6,750	6,183	6,349	6,786	7,020	6,991	7,050
Ordinances and resolutions passed	86	80	101	84	140	98	106
Number of volunteer hours	11,750	11,664	10,354	10,871	10,512	9,285	7,315
<b>Public Safety</b>							
Total arrests	1,650	1,646	1,390	1,508	1,275	1,473	1,228
Traffic citations <sup>(1)</sup>	3,750	4,037	3,121	9,347	8,200	7,629	4,653
<b>Public Works</b>							
Miles of street	105	105	104	101	98	96	96
Tons of road salt used	1,500	1,775	3,179	1,269	583	2,700	1,494
<b>Building Inspection</b>							
Building permits issued	1,476	1,941	2,128	1,844	1,863	1,743	1,553
Electrical permits issued	271	376	406	346	403	351	301
Residential unit permits issued	72	122	146	97	103	98	77
<b>Waste Collection</b>							
Tons collected	7,350	7,317	7,406	6,978	6,941	6,565	6,640
Recyclable tons, including cardboard	865	851	887	795	809	766	530
Newspaper tons	720	697	706	687	630	601	550
<b>Golf Course Operations</b>							
Rounds of golf	46,607	46,863	43,627	36,719	35,470	33,161	39,056
Rounds of golf - cart usage	28,500	28,043	24,323	23,409	22,262	21,713	28,200
Gallons of water used (thousands)	28,500	24,570	25,280	28,175	30,125	33,250	36,150
<b>Food Service Operations</b>							
Wedding receptions hosted	38	36	37	41	34	46	49
Other banquet functions hosted	512	483	544	535	514	530	503

Source: City of Centerville, Ohio, Appropriation Budgets for applicable years. Actual statistics for 1996-2004.  
 Estimated statistics for 2005.

(1) 2000 - 2002 traffic citations issued includes written warnings.

(2) Data unavailable.



*Schedule 12*

<u>1998</u>	<u>1997</u>	<u>1996</u>
492	309	293
6,183	6,131	6,191
6,920	6,769	6,729
99	122	100
7,295	7,400	6,945
1,364	1,254	1,006
4,999	5,111	5,036
94	92	92
666	1,303	2,620
1,880	1,739	1,676
360	355	354
99	94	78
7,011	7,180	7,764
336	319	371
548	462	351
37,490	35,198	(2)
26,541	24,385	(2)
36,050	35,000	(2)
43	44	(2)
503	509	(2)

**CITY OF CENTERVILLE, OHIO**

Capital Asset and Infrastructure Statistics by Function/Program

Last Ten Years

<u>Function/program</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General Government							
Municipal Buildings	1	1	1	1	1	1	1
Square Footage	17,123	17,123	17,123	17,123	17,123	17,123	17,123
Public Safety							
Police Stations	1	1	1	1	1	(a)	(a)
Square Footage	38,458	38,458	38,458	38,458	38,458		
Public Works							
Public Works Facility	1	1	1	1	1	1	1
Square Footage	17,541	17,541	17,541	17,541	17,541	17,541	17,541
Miles of street	105	105	104	101	98	96	96
Lane miles of street	238	238	236	227	223	(b)	(b)
Recreation							
Number of parks	1	1	1	1	1	1	1
Area of parks (acres)	62.386	62.386	62.386	62.386	62.386	62.386	62.386
Benham's Grove (acres)	7.017	7.017	7.017	7.017	7.017	7.017	7.017
Golf Course Operations							
Holes	27	27	27	27	21	21	21
Club House (square footage)	29,517	29,517	29,517	29,517	29,517	29,517	29,517

Source: City of Centerville, Ohio Finance Department

(a) Prior to 2001, the Centerville Police Department was housed in the Municipal Building.

(b) Not available prior to 2001.

*Schedule 13*

<u>1998</u>	<u>1997</u>	<u>1996</u>
1 17,123	1 17,123	1 17,123
(a)	(a)	(a)
1 17,541 94	1 17,541 92	1 17,541 92
(b)	(b)	(b)
1 62.386 7.017	1 62.386 7.017	1 62.386 7.017
21 29,517	21 29,517	21 29,517





**Auditor of State  
Betty Montgomery**

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**CITY OF CENTERVILLE**

**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 13, 2006**