

**CITY OF CENTERVILLE  
MONTGOMERY COUNTY, OHIO**

**SUPPLEMENTAL REPORT**

*DECEMBER 31, 2006*

**MR. MARK SCHLAGHECK, FINANCE DIRECTOR**





Mary Taylor, CPA  
Auditor of State

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 & Grube, Inc., for the audit period January 1, 2006 through December 31, 2006. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

June 14, 2007

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**CITY OF CENTERVILLE  
MONTGOMERY COUNTY, OHIO**

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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, as of and for the year ended December 31, 2006, which collectively comprise the City of Centerville's basic financial statements and have issued our report thereon dated May 4, 2007.

#### Internal Control Over Financial Reporting

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

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

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

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

Members of Council and Mayor  
City of Centerville  
Page 2

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Centerville in a separate letter dated May 4, 2007.

This report is intended solely for the information and use of the management and City Council 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.  
May 4, 2007





Comprehensive Annual Financial Report  
For the Fiscal Year Ended  
December 31, 2006



# **City of Centerville, Ohio**

**Comprehensive Annual Financial Report**

**For the Fiscal Year Ended December 31, 2006**

*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, 2006

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# Introductory Section





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

May 4, 2007

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, 2006 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 immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's discussion and analysis complements this letter of transmittal and should be read in conjunction.

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

Centerville 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 staggered 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 23,162 according to the U.S. Census Bureau's 2005 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 public school district, multiple retirement communities, a retail store, several auto dealerships and small manufacturers.

In 2006, Miami Valley Hospital continued construction of their new health facility in the City. The Miami Valley South Health Center is still on target to open their new diagnostic and testing center, as well as a medical office building in the fall of 2007. In addition, in September 2006 Miami Valley announced plans to build a freestanding, 64,000-square foot cancer center at the site in 2008.

### ***Major Initiatives***

- The municipal income tax rate remained at 1.75% for the twenty-fifth consecutive year, the municipal property tax rate remained at its lowest rate for the twenty-eighth year.
- 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. In addition, readers of the *Dayton Daily News* voted The Golf Club at Yankee Trace as "Best of Dayton 2006."
- In July 2006, City Council approved a Residential Rental Inspection Program, the first of its kind in the Dayton area. The program mandated that all residential rental units be inspected every two years to ensure compliance with Centerville property maintenance and zoning codes. The goal was to preserve Centerville's aging housing stock and ensure that property values remain high.
- In April 2006, the City agreed to annex approximately 300 acres of land near Interstate 675, Feedwire Road and Wilmington Pike. The land will be developed over the next ten years as a mixed-use development, including retail, office and residential.

- The City continued to set aside money for the construction of a new public works facility. By the end of 2006, \$6,000,000 was designated for this project for which construction is tentatively scheduled for late 2007.

### ***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 2006 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, 2006. 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, 2005. This was the sixth 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.

### ***Acknowledgements***

The preparation of the comprehensive annual financial report was made possible by the dedicated services of the Department of Finance, particularly Brent Byerly, Assistant Finance Director. 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, 2005

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.



A handwritten signature in black ink, appearing to read "Ronald J. Hawn".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# City of Centerville, Ohio

## List of Elected and Appointed Officials as of April 30, 2007

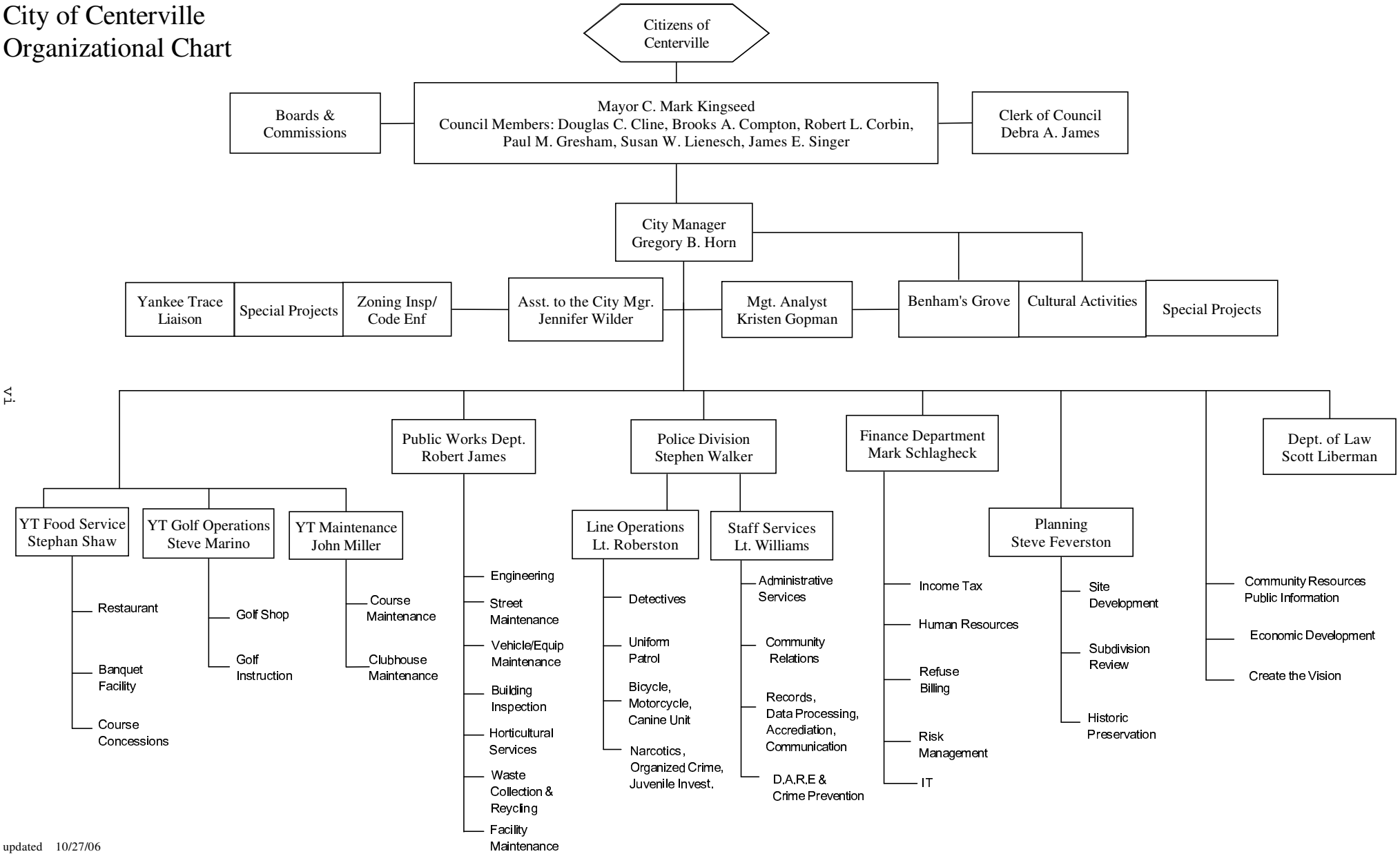
### Elected Officials

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
Information Technology Manager .....	Scott R. Ontjes
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
Human Resources Manager .....	Ginger A. Yonak
Management Analyst .....	Kristen P. Gopman

# City of Centerville Organizational Chart



T.A.

# Financial Section



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

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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, 2006, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville, Montgomery County, as of December 31, 2006, 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 May 4, 2007 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  
Page 2

The management's discussion and analysis and budgetary comparison information on pages 3 through 15 and 47 through 51, respectively, 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 schedules, 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 and schedules 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.



Julian & Grube, Inc.  
May 4, 2007

# City of Centerville, Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2006 (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, 2006. 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 \$70.86 million as of December 31, 2006. Of this amount, \$22.00 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 \$2.59 million during the most recent fiscal year. Net assets of the City's governmental activities increased \$2.64 million or 5.41%. However, net assets of the City's business-type activities decreased \$0.05 million or 0.27%.
- As of December 31, 2006, the City's governmental funds report combined ending fund balances of \$20.94 million. Over 51% or \$10.70 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, 2006. 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

# City of Centerville, Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2006 (Unaudited)

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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).

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 Street Construction and Maintenance Fund, the Special Assessment Debt 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

## City of Centerville, Ohio

### Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2006 (Unaudited)

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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 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 – 46 of this report.

## City of Centerville, Ohio

### Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2006 (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 \$70.86 million as of December 31, 2006. The following table presents condensed information on net assets as of December 31, 2006 and 2005:

	<b>Net Assets</b>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<u>Assets:</u>						
Current and other assets	\$39,165,087	\$37,136,389	\$ 985,682	\$ 856,556	\$40,150,769	\$37,992,945
Capital assets	<u>38,688,799</u>	<u>39,006,379</u>	<u>18,886,747</u>	<u>19,038,955</u>	<u>57,575,546</u>	<u>58,045,334</u>
Total assets	<u>77,853,886</u>	<u>76,142,768</u>	<u>19,872,429</u>	<u>19,895,511</u>	<u>97,726,315</u>	<u>96,038,279</u>
<u>Liabilities:</u>						
Long-term liabilities	23,889,306	24,791,905	115,810	160,348	24,005,116	24,952,253
Other liabilities	<u>2,423,025</u>	<u>2,453,923</u>	<u>434,957</u>	<u>360,656</u>	<u>2,857,982</u>	<u>2,814,579</u>
Total liabilities	<u>26,312,331</u>	<u>27,245,828</u>	<u>550,767</u>	<u>521,004</u>	<u>26,863,098</u>	<u>27,766,832</u>
<u>Net Assets:</u>						
Invested in capital assets, net of debt	15,524,569	14,775,382	18,882,237	19,032,210	34,406,806	33,807,592
Restricted	14,457,571	14,909,798	-	-	14,457,571	14,909,798
Unrestricted	<u>21,559,415</u>	<u>19,211,760</u>	<u>439,425</u>	<u>342,297</u>	<u>21,998,840</u>	<u>19,554,057</u>
Total net assets	<u>\$51,541,555</u>	<u>\$48,896,940</u>	<u>\$19,321,662</u>	<u>\$19,374,507</u>	<u>\$70,863,217</u>	<u>\$68,271,447</u>

In total, net assets increased from \$68.27 million to \$70.86 million in 2006. Unrestricted net assets, which are available for future use as directed by City Council, increased \$2.44 million or 12.50%. Unrestricted net assets of the City's governmental activities increased \$2.35 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 \$0.60 million from \$33.81 million at December 31, 2005 to \$34.41 million at December 31, 2006. Generally, this means capital asset additions and bond principal repayments were more than depreciation expense and net book value of disposals by \$0.60 million.

Restricted net assets are subject to external restrictions as to their use. This category decreased approximately \$0.45 million from \$14.91 million at December 31, 2005 to \$14.46 million at December 31, 2006. This decrease in restricted net assets was due primarily to the reduction in special assessment receivables.

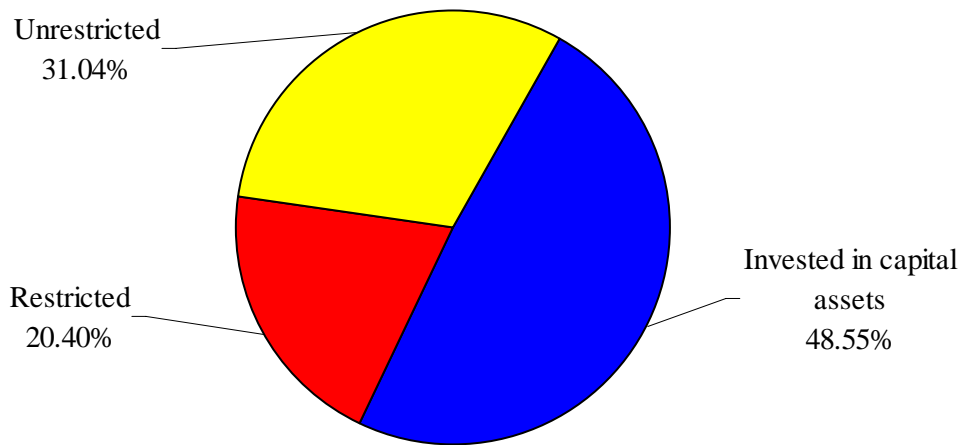
# City of Centerville, Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2006 (Unaudited)

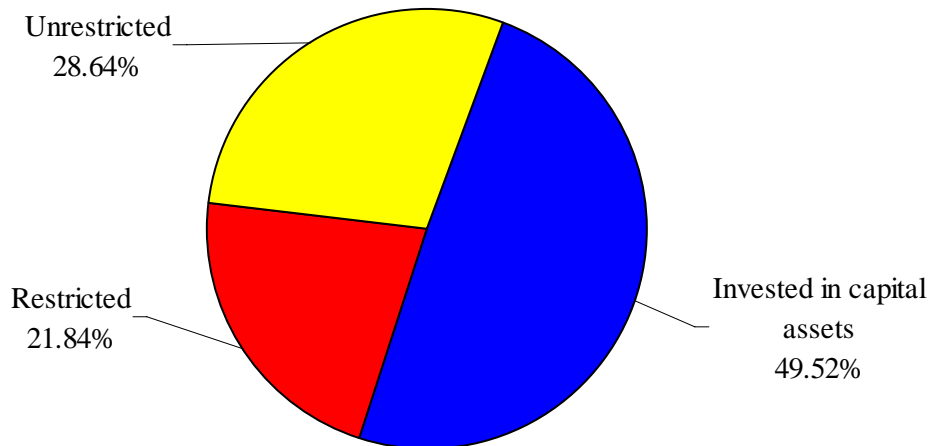
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The following pie charts graphically illustrate these year-to-year changes in the components of net assets.

**December 31, 2006**



**December 31, 2005**



# City of Centerville, Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2006 (Unaudited)

The following table presents condensed information on the changes in net assets for the years ended December 31, 2006 and 2005.

### Changes in Net Assets

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$1,488,886	\$1,375,780	\$4,880,720	\$4,530,279	\$6,369,606	\$5,906,059
Operating grants and contributions	1,298,386	1,323,107	-	-	1,298,386	1,323,107
Capital grants and contributions	480,742	218,827	-	-	480,742	218,827
General revenues:						
Income taxes	10,173,958	10,166,320	-	-	10,173,958	10,166,320
Property taxes	1,412,800	1,219,582	-	-	1,412,800	1,219,582
Estate taxes	1,361,063	843,903	-	-	1,361,063	843,903
Grants and other contributions not restricted to specific programs	900,997	875,005	-	-	900,997	875,005
Investment earnings	950,724	367,854	20,703	8,961	971,427	376,815
Gain on sale of capital assets	65,752	84,359	(17,915)	3,324	47,837	87,683
Miscellaneous	41,404	38,889	-	-	41,404	38,889
Total revenues	<u>18,174,712</u>	<u>16,513,626</u>	<u>4,883,508</u>	<u>4,542,564</u>	<u>23,058,220</u>	<u>21,056,190</u>
<b>Expenses</b>						
General government	4,654,614	4,874,691	-	-	4,654,614	4,874,691
Public safety	5,760,988	5,478,545	-	-	5,760,988	5,478,545
Community environment	258,913	236,856	-	-	258,913	236,856
Recreation	460,627	374,091	-	-	460,627	374,091
Transportation	3,515,160	3,331,467	-	-	3,515,160	3,331,467
Interest on long-term debt	1,207,117	1,233,977	-	-	1,207,117	1,233,977
Waste collection	-	-	1,205,575	1,301,490	1,205,575	1,301,490
Golf course operations	-	-	4,030,721	3,772,661	4,030,721	3,772,661
Other business-type activities	-	-	150,057	127,381	150,057	127,381
Total expenses	<u>15,857,419</u>	<u>15,529,627</u>	<u>5,386,353</u>	<u>5,201,532</u>	<u>21,243,772</u>	<u>20,731,159</u>
Excess before transfers	2,317,293	983,999	(502,845)	(658,968)	1,814,448	325,031
Special item: insurance settlement	777,322	-	-	-	777,322	-
Transfers	(450,000)	(410,000)	450,000	410,000	-	-
Change in net assets	<u>\$ 2,644,615</u>	<u>\$ 573,999</u>	<u>\$ (52,845)</u>	<u>(\$248,968)</u>	<u>\$ 2,591,770</u>	<u>\$ 325,031</u>

# City of Centerville, Ohio

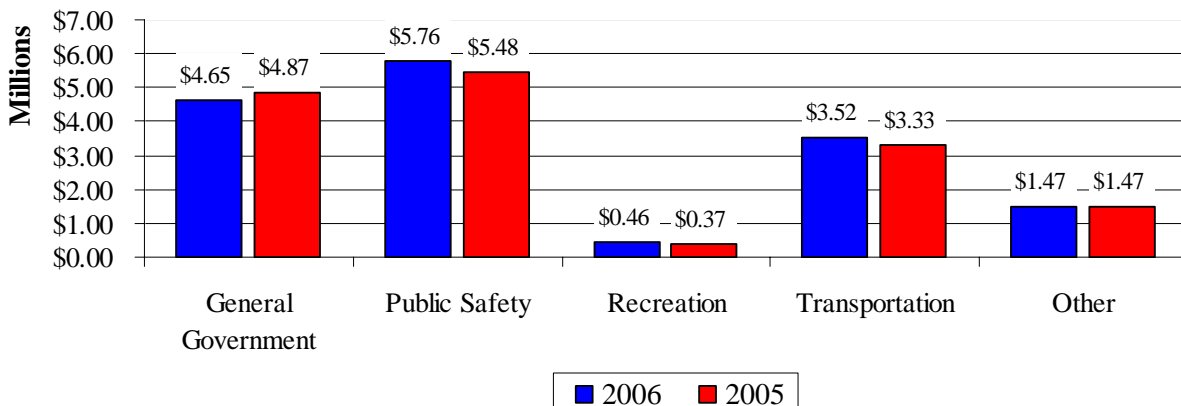
## Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2006 (Unaudited)

The change in net assets was an increase of \$2.59 million for the year ended December 31, 2006 as compared to a increase of \$0.33 million for the prior year. Total revenues (excluding special items) increased \$2.00 million or 9.51%. Total expenses increased \$0.51 million or 2.47%.

Total revenues for governmental activities increased 10.06%. Income taxes, the largest governmental activities revenue source, had only a slight increase from 2005. The majority of the increase revenue was in two categories, estate tax and investment earnings. Estate taxes increased \$0.52 million. Estate taxes by their nature are difficult to predict and can have significant variances from year to year. Investment earnings increased \$0.58 million. This is due to the increasing interest rates and the maturity and reinvestment of at these higher rates.

Expenses of governmental activities break down as follows:

### Governmental Expenses by Program



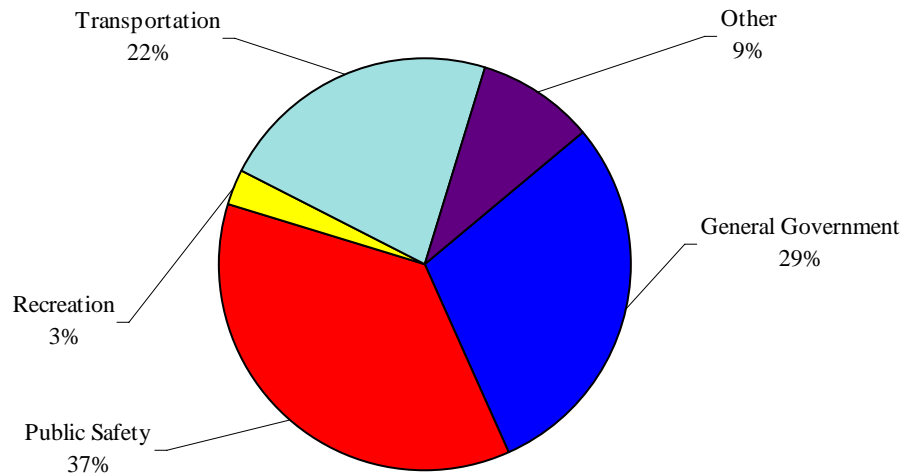
Total governmental expenses increased 2.11% or \$328,000. The majority of this increase was due to a rise in public safety expenses. Public safety, consisting of the police division, comprises over 37% of governmental activities' expenses. In 2006, public safety expenses increased 5.16% or \$282,000. Transportation, which consists of street repair and maintenance activities, accounts for over 22% 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 29% of expenses.



# City of Centerville, Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2006 (Unaudited)

### Expenses by Program - Governmental Activities



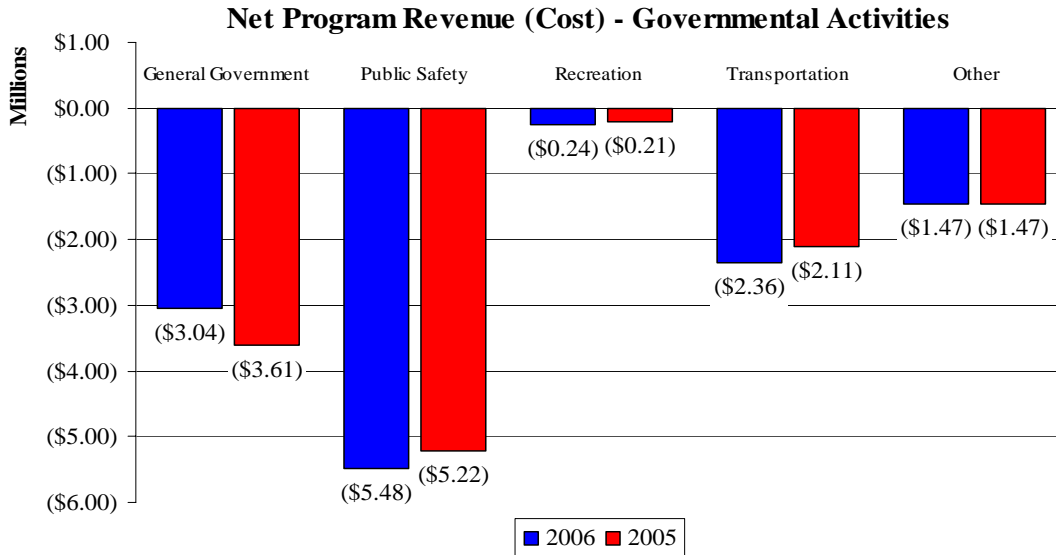
The Statement of Activities reports the expenses of each of the governmental activities programs and the related program revenue that offsets the cost of each program. The amount by which the cost of a particular program exceeds its program revenue represents the extent to which that program must be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

### Expenses and Program Revenue – Governmental Activities

	<u>Year Ended December 31, 2006</u>			<u>Year Ended December 31, 2005</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>
General government	\$ 4,654,614	\$1,616,115	\$ (3,038,499)	\$ 4,874,691	\$1,269,645	\$ (3,605,046)
Public safety	5,760,988	284,350	(5,476,638)	5,478,545	257,037	(5,221,508)
Recreation	460,627	215,775	(244,852)	374,091	165,080	(209,011)
Transportation	3,515,160	1,151,774	(2,363,386)	3,331,467	1,225,852	(2,105,615)
Other	<u>1,466,030</u>	-	<u>(1,466,030)</u>	<u>1,470,833</u>	<u>100</u>	<u>(1,470,733)</u>
Total governmental activities	<u>\$15,857,419</u>	<u>\$3,268,014</u>	<u>\$(12,589,405)</u>	<u>\$15,529,627</u>	<u>\$2,917,714</u>	<u>\$(12,611,913)</u>

## City of Centerville, Ohio

### Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2006 (Unaudited)



Overall, the net program cost of governmental activities decreased by \$23,000 or -0.18%. General government's net program cost decreased by \$567,000 or -15.72%. This decrease was the result of decreased expenses (primarily in the areas of income tax refunds and insurance premiums) and increased program revenues (primarily in the areas of building permit fees and grants for capital improvement projects). Public safety's net program cost increased by \$255,000 or 4.89%. This increase was the result of higher personnel related costs. Transportation's net program cost increased by \$258,000 or 12.24%. This increase was due primarily to depreciation expense on infrastructure capital assets.

#### Business-type activities

Business-type activities' net assets decreased \$0.05 million from \$19.37 million to \$19.32 million. It is the City's policy that the revenues of the City's business-type activities (waste 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:

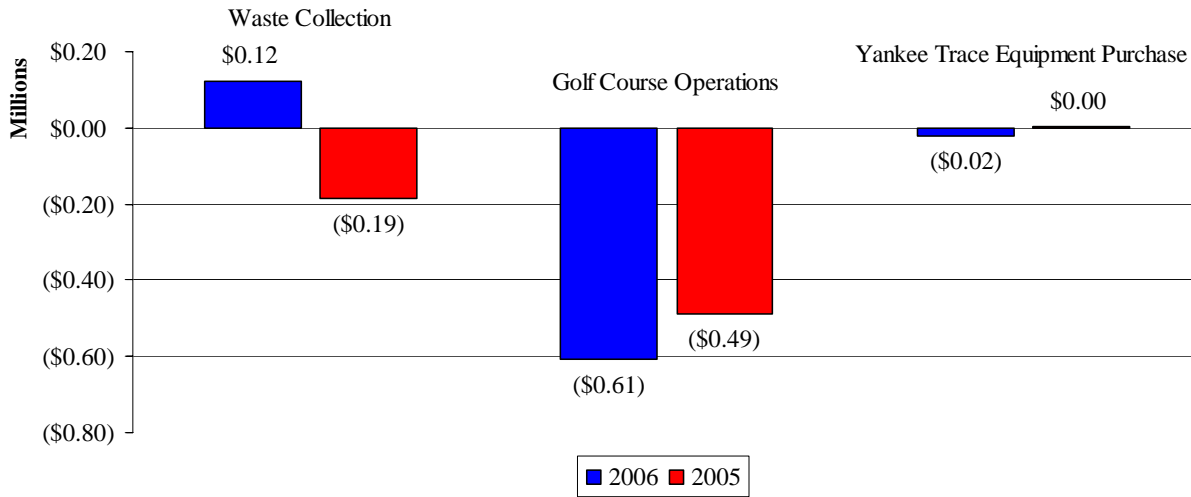
# City of Centerville, Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2006 (Unaudited)

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

	<u>For Year Ended December 31, 2006</u>			<u>For Year Ended December 31, 2005</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	\$1,205,575	\$1,327,914	\$ 122,339	\$1,301,490	\$1,115,830	\$(185,660)
Golf course operations	4,030,721	3,423,346	(607,375)	3,772,661	3,285,079	(487,582)
Other business-type Activities	<u>150,057</u>	<u>129,460</u>	<u>(20,597)</u>	<u>127,381</u>	<u>129,370</u>	<u>1,989</u>
Total business-type Activities	<u>\$5,386,353</u>	<u>\$4,880,720</u>	<u>\$(505,633)</u>	<u>\$5,201,532</u>	<u>\$4,530,279</u>	<u>\$(671,253)</u>

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



The net program cost for business-type activities decreased by \$165,000 or -24.67%. However, the two major components of this net program cost had opposite results. First, the net program cost for waste collection decreased by \$308,000. This decrease was due primarily to an increase in waste collection fees that took effect in January 2006. In addition, waste collection expenses decreased in 2006 due to personnel changes. On the other hand, the net program cost for golf course operations increased \$120,000. Program revenues from golf course operations actually increased \$138,000 due to an increase in the number of golf rounds played in 2006 and an increase in the average fee paid for each round of golf. Program expenses for the golf course operations increased \$258,000. This increase was due to increased personnel costs in the pro shop and maintenance divisions, increased merchandise purchases in the pro shop and increased chemical and fertilizer expenses in the maintenance division.

# City of Centerville, Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2006 (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, 2006 was \$20.94 million as compared to \$18.06 million at December 31, 2005. (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 increased \$1.64 million for the year ended December 31, 2006. General fund revenues were \$1.19 million higher than 2005. Local taxes increased over \$390,000 due to the improving economy and increased income tax collections. Intergovernmental revenues increased \$639,000 due to the larger amount of estate tax received in 2006.

The Street Construction and Maintenance Fund is used 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. The fund balance increased approximately \$71,000 in 2006, with both revenue and expenditures comparable to the prior year.

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 \$1.34 million in 2006. 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, 2006, the estimated \$6.0 million needed to complete this new facility had been designated. The fund balance was positively impacted by an insurance settlement relating to the City's police facility. The \$500,000 settlement was awarded for claims against the general construction contractor of this facility which opened in 2002.

# City of Centerville, Ohio

## Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2006 (Unaudited)

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### General Fund Budgetary Highlights

General fund appropriations were increased slightly during 2006. The primary reason for the increase was due to a larger than anticipated transfer to the golf course operations fund. Actual expenditures were \$458,000 less than the final appropriations. In general, the City has not decreased appropriations when the entire budget will not be spent. In 2006, several employment positions were budgeted, but not filled during the year. In addition, actual revenues exceeded budgetary estimates by \$850,000. This excess revenue was the result of increased estate tax receipts and an insurance settlement.

### 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, 2006, amounts to \$57.58 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, when compared to the prior fiscal year, was -0.81%.

Significant capital activity for the year included:

- Completed concrete repair (curb, pavement and sidewalk) and asphalt resurfacing at locations throughout the City totaling over \$790,000.
- Completed construction and widening of Centerville Station Road with a total project cost of over \$557,000.
- Began construction and widening of Clyo Road with a total project cost of \$537,000.
- Completed construction of a new public parking lot in the City's Architectural Preservation District with a total project cost of over \$743,000.
- Spent nearly \$120,000 for stormwater drainage improvements throughout the City.

Additional detail on the capital asset activity for the year ended December 31, 2006 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, 2006, leaving a legal debt margin for unvoted debt of approximately \$35.24 million.

## City of Centerville, Ohio

### Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2006 (Unaudited)

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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 \$67.27 million, leaving a total debt margin of approximately \$67.27 million.

The City maintains a “Aa3” rating from Moody’s Investors Service for general obligation debt.

A summary of debt outstanding at December 31, 2006 and 2005 is as follows:

	<u>December 31, 2006</u>	<u>December 31, 2005</u>
<i>Governmental-type activities:</i>		
General obligation bonds	\$ 16,910,000	\$ 17,665,000
Special assessment bonds	<u>7,187,000</u>	<u>7,391,000</u>
Total	<u>\$ 24,097,000</u>	<u>\$ 25,056,000</u>

Additional detailed data for all debt of the City of Centerville is presented in the Notes to the Basic Financial Statements in note 2J on pages 43 - 45 and in the Statistical Section of this report on pages 88 - 90.

#### **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, 2006**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Pooled cash and cash equivalents	\$ 1,671,039	\$ 190,510	\$ 1,861,549
Investments	18,290,531	483,359	18,773,890
Receivables (net):			
Taxes	4,096,281	-	4,096,281
Accounts	5,234	123,207	128,441
Intergovernmental	1,054,276	-	1,054,276
Interest	206,436	2,331	208,767
Special assessments	13,485,505	-	13,485,505
Internal balances	21,835	(21,835)	-
Inventory	81,972	193,202	275,174
Prepaid items	100,806	14,908	115,714
Deferred charges	151,172	-	151,172
Capital assets:			
Capital assets not subject to depreciation:			
Land and land improvements	3,977,356	15,166,876	19,144,232
Capital assets net of accumulated depreciation	<u>34,711,443</u>	<u>3,719,871</u>	<u>38,431,314</u>
 Total assets	 <u>\$ 77,853,886</u>	 <u>\$ 19,872,429</u>	 <u>\$ 97,726,315</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 254,398	\$ 78,881	\$ 333,279
Accrued liabilities	393,202	50,641	443,843
Unearned revenue	1,680,924	243,781	1,924,705
Deposit liability	-	61,654	61,654
Accrued interest payable	94,501	-	94,501
Noncurrent liabilities:			
Due within one year	1,076,706	27,315	1,104,021
Due in more than one year	<u>22,812,600</u>	<u>88,495</u>	<u>22,901,095</u>
 Total liabilities	 <u>26,312,331</u>	 <u>550,767</u>	 <u>26,863,098</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	15,524,569	18,882,237	34,406,806
Restricted for:			
Debt service	13,690,958	-	13,690,958
Other purposes	766,613	-	766,613
Unrestricted	<u>21,559,415</u>	<u>439,425</u>	<u>21,998,840</u>
 Total net assets	 <u>51,541,555</u>	 <u>19,321,662</u>	 <u>70,863,217</u>
 Total liabilities and net assets	 <u>\$ 77,853,886</u>	 <u>\$ 19,872,429</u>	 <u>\$ 97,726,315</u>

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
General government	\$ 4,654,614	\$ 1,185,373	\$ -	\$ 430,742	\$ (3,038,499)		\$ (3,038,499)
Public safety	5,760,988	183,985	100,365	-	(5,476,638)		(5,476,638)
Community environment	258,913	-	-	-	(258,913)		(258,913)
Recreation	460,627	117,784	47,991	50,000	(244,852)		(244,852)
Transportation	3,515,160	1,744	1,150,030	-	(2,363,386)		(2,363,386)
Interest on long-term debt	1,207,117	-	-	-	(1,207,117)		(1,207,117)
Total governmental activities	<u>15,857,419</u>	<u>1,488,886</u>	<u>1,298,386</u>	<u>480,742</u>	<u>(12,589,405)</u>		<u>(12,589,405)</u>
<b>Business-type activities:</b>							
Waste collection	1,205,575	1,327,914	-	-		\$ 122,339	122,339
Golf course operations	4,030,721	3,423,346	-	-		(607,375)	(607,375)
Yankee Trace equipment purchase	150,057	129,460	-	-		(20,597)	(20,597)
Total business-type activities	<u>5,386,353</u>	<u>4,880,720</u>	<u>-</u>	<u>-</u>		<u>(505,633)</u>	<u>(505,633)</u>
<b>Total</b>	<u>\$ 21,243,772</u>	<u>\$ 6,369,606</u>	<u>\$ 1,298,386</u>	<u>\$ 480,742</u>	<u>(12,589,405)</u>	<u>(505,633)</u>	<u>(13,095,038)</u>
<b>General revenues:</b>							
<b>Taxes:</b>							
Income taxes					10,173,958	-	10,173,958
Property taxes					1,412,800	-	1,412,800
Estate taxes					1,361,063	-	1,361,063
Grants and contributions not restricted to specific programs					900,997	-	900,997
Investment earnings					950,724	20,703	971,427
Gain on sale/disposal of capital assets					65,752	(17,915)	47,837
Miscellaneous					41,404	-	41,404
<i>Special item</i> - Insurance settlement					777,322	-	777,322
Transfers					(450,000)	450,000	-
Total general revenues and transfers					<u>15,234,020</u>	<u>452,788</u>	<u>15,686,808</u>
Change in net assets					2,644,615	(52,845)	2,591,770
Net assets - beginning					<u>48,896,940</u>	<u>19,374,507</u>	<u>68,271,447</u>
Net assets - ending					<u>\$ 51,541,555</u>	<u>\$19,321,662</u>	<u>\$ 70,863,217</u>

See Notes to the Basic Financial Statements.



**CITY OF CENTERVILLE  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

	General	Street Construction & Maintenance	Special Assessment Debt Retirement	Capital Improvements	Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ 83,655	\$ 33,085	\$ 10,854	\$ 1,093,362	\$ 374,051	\$ 1,595,007
Investments	5,757,740	288,386	194,031	8,550,548	2,510,972	17,301,677
Receivables (net):						
Taxes	4,096,281	-	-	-	-	4,096,281
Intergovernmental	451,141	526,441	-	-	76,694	1,054,276
Interest	71,871	347	568	119,873	10,252	202,911
Special assessments	-	-	13,485,505	-	-	13,485,505
Due from other funds	18,494	-	-	-	52,751	71,245
Inventory	-	81,972	-	-	-	81,972
Prepaid items	84,715	16,091	-	-	-	100,806
<b>Total assets</b>	<b>\$ 10,563,897</b>	<b>\$ 946,322</b>	<b>\$ 13,690,958</b>	<b>\$ 9,763,783</b>	<b>\$ 3,024,720</b>	<b>\$ 37,989,680</b>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 95,589	\$ 10,033	\$ -	\$ 137,970	\$ 2,820	\$ 246,412
Accrued liabilities	354,922	38,280	-	-	-	393,202
Due to other funds	52,751	-	-	-	5,481	58,232
Deferred revenue	2,856,866	371,705	12,848,868	210,760	60,553	16,348,752
<b>Total liabilities</b>	<b>3,360,128</b>	<b>420,018</b>	<b>12,848,868</b>	<b>348,730</b>	<b>68,854</b>	<b>17,046,598</b>
Fund Balances:						
Reserved for:						
Debt service	-	-	842,090	-	1,843,804	2,685,894
Inventory	-	81,972	-	-	-	81,972
Prepaid items	84,715	16,091	-	-	-	100,806
Encumbrances	67,267	-	-	1,278,957	28,600	1,374,824
Unreserved, designated for capital projects	-	-	-	6,000,000	-	6,000,000
Unreserved, reported in:						
General fund	7,051,787	-	-	-	-	7,051,787
Special revenue funds	-	428,241	-	-	420,364	848,605
Capital projects funds	-	-	-	2,136,096	663,098	2,799,194
<b>Total fund balances</b>	<b>7,203,769</b>	<b>526,304</b>	<b>842,090</b>	<b>9,415,053</b>	<b>2,955,866</b>	<b>20,943,082</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,563,897</b>	<b>\$ 946,322</b>	<b>\$ 13,690,958</b>	<b>\$ 9,763,783</b>	<b>\$ 3,024,720</b>	<b>\$ 37,989,680</b>

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE  
RECONCILIATION OF TOTAL  
GOVERNMENTAL FUND BALANCES TO NET  
ASSETS OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2006**

Total governmental fund balances \$ 20,943,082

*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. 37,819,882

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

Income taxes receivable	979,226
Other taxes and intergovernmental receivables	781,840
Special assessments	12,848,868
Other receivables	58,652

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. 1,942,640

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

Bonds payable	(24,097,000)
Issuance premium (to be amortized as interest expense)	(292,894)
Deferred charge on refunding	1,082,636
Deferred charge for issuance costs (to be amortized as interest expense)	151,172
Compensated absences	(573,904)
Capital lease payable	(8,144)
Accrued interest on long-term debt	(94,501)

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Net assets of governmental activities \$ 51,541,555

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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, 2006**

	General	Street Construction & Maintenance	Special Assessment Debt Retirement	Capital Improvements	Non-major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Local taxes	\$ 11,672,492	\$ -	\$ -	\$ -	\$ -	\$ 11,672,492
Intergovernmental revenues	2,473,352	921,261	-	435,994	239,290	4,069,897
Special assessments	-	-	631,384	-	-	631,384
Charges for services	44,154	1,744	-	-	-	45,898
Fines, licenses and permits	320,588	-	-	-	1,110	321,698
Investment income	283,581	12,992	23,995	432,650	169,593	922,811
Lot sales	-	-	-	-	25,752	25,752
Rent	-	-	-	-	819,045	819,045
Miscellaneous receipts and reimbursements	214,678	2,873	-	11,296	118,352	347,199
<b>Total revenues</b>	<b>15,008,845</b>	<b>938,870</b>	<b>655,379</b>	<b>879,940</b>	<b>1,373,142</b>	<b>18,856,176</b>
<b>EXPENDITURES:</b>						
Current:						
General government	4,482,100	-	30,487	-	12,481	4,525,068
Public safety	5,560,983	-	-	-	9,812	5,570,795
Community environment	251,189	-	-	-	-	251,189
Recreation	367,842	-	-	-	50,825	418,667
Transportation	-	1,718,198	-	-	64,437	1,782,635
Capital outlay	8,069	-	-	1,331,607	327,823	1,667,499
Debt service:						
Principal	5,507	-	204,000	-	755,000	964,507
Interest and other charges	397	-	399,620	-	760,473	1,160,490
<b>Total expenditures</b>	<b>10,676,087</b>	<b>1,718,198</b>	<b>634,107</b>	<b>1,331,607</b>	<b>1,980,851</b>	<b>16,340,850</b>
Excess (deficiency) of revenues over (under) expenditures	4,332,758	(779,328)	21,272	(451,667)	(607,709)	2,515,326
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	-	850,000	-	1,250,000	425,000	2,525,000
Transfers out	(2,975,000)	-	-	-	-	(2,975,000)
Sale of capital assets	-	-	-	40,000	-	40,000
<b>Total other financing sources (uses)</b>	<b>(2,975,000)</b>	<b>850,000</b>	<b>-</b>	<b>1,290,000</b>	<b>425,000</b>	<b>(410,000)</b>
<b>SPECIAL ITEM:</b>						
Insurance settlement	277,322	-	-	500,000	-	777,322
<b>Net change in fund balances</b>	<b>1,635,080</b>	<b>70,672</b>	<b>21,272</b>	<b>1,338,333</b>	<b>(182,709)</b>	<b>2,882,648</b>
Fund balances, beginning of year	5,568,689	455,632	820,818	8,076,720	3,138,575	18,060,434
<b>Fund balances, end of year</b>	<b>\$ 7,203,769</b>	<b>\$ 526,304</b>	<b>\$ 842,090</b>	<b>\$ 9,415,053</b>	<b>\$ 2,955,866</b>	<b>\$ 20,943,082</b>

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, 2006**

Net change in fund balances - total governmental funds \$ 2,882,648

*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	1,799,876
Current year depreciation	(2,168,886)

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.

(12,306)

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

Income taxes	(104,909)
Special assessments	(636,636)
Investment income	27,914
Other revenue	(7,831)

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

964,507

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	2,285
Compensated absences	(12,996)
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.

(30,776)

Change in net assets of governmental activities

\$ 2,644,615

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2006**

	Business-type Activities			Totals	Governmental Activities - Internal Service Funds
	Waste Collection	Golf Course Operations	Non-major Enterprise Fund		
<b>ASSETS</b>					
Current assets:					
Pooled cash and cash equivalents	\$ 8,833	\$ 47,033	\$ 134,644	\$ 190,510	\$ 76,032
Investments	483,359	-	-	483,359	988,854
Receivables (net):					
Accounts	69,946	53,261	-	123,207	5,234
Interest	2,331	-	-	2,331	3,525
Inventory	-	193,202	-	193,202	-
Prepaid items	8,046	6,862	-	14,908	-
Total current assets	<u>572,515</u>	<u>300,358</u>	<u>134,644</u>	<u>1,007,517</u>	<u>1,073,645</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					
	719	3,419,987	299,165	3,719,871	868,917
Total noncurrent assets	<u>719</u>	<u>18,586,863</u>	<u>299,165</u>	<u>18,886,747</u>	<u>868,917</u>
Total assets	<u>\$ 573,234</u>	<u>\$ 18,887,221</u>	<u>\$ 433,809</u>	<u>\$ 19,894,264</u>	<u>\$ 1,942,562</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 21,283	\$ 50,956	\$ 6,642	\$ 78,881	\$ 7,986
Accrued liabilities	19,506	31,135	-	50,641	-
Due to other funds	-	13,013	-	13,013	-
Deferred revenue	243,781	-	-	243,781	758
Deposit liability	-	61,654	-	61,654	-
Total current liabilities	<u>284,570</u>	<u>156,758</u>	<u>6,642</u>	<u>447,970</u>	<u>8,744</u>
Noncurrent liabilities:					
Capital lease payable	-	4,510	-	4,510	-
Compensated absences	69,479	41,821	-	111,300	-
Total noncurrent liabilities	<u>69,479</u>	<u>46,331</u>	<u>-</u>	<u>115,810</u>	<u>-</u>
Total liabilities	<u>354,049</u>	<u>203,089</u>	<u>6,642</u>	<u>563,780</u>	<u>8,744</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	719	18,582,353	299,165	18,882,237	868,917
Unrestricted	218,466	101,779	128,002	448,247	1,064,901
Total net assets	<u>219,185</u>	<u>18,684,132</u>	<u>427,167</u>	<u>19,330,484</u>	<u>1,933,818</u>
Total liabilities and net assets	<u>\$ 573,234</u>	<u>\$ 18,887,221</u>	<u>\$ 433,809</u>	<u>\$ 19,894,264</u>	<u>\$ 1,942,562</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fu				(8,822)	
Total net assets from above				<u>19,330,484</u>	
Net assets of business-type activities				<u>\$ 19,321,662</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, 2006**

	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	\$ 1,326,484	\$ 3,380,541	\$ 129,460	\$ 4,836,485	\$ 259,100
Other revenue	1,430	42,805	-	44,235	13,909
Total operating revenues	<u>1,327,914</u>	<u>3,423,346</u>	<u>129,460</u>	<u>4,880,720</u>	<u>273,009</u>
<b>OPERATING EXPENSES:</b>					
Salaries and wages	543,869	1,258,345	-	1,802,214	-
Fringe benefits	161,424	256,748	-	418,172	-
Purchased services	311,844	1,253,468	-	1,565,312	33,660
Supplies and materials	94,028	890,517	13,825	998,370	6,979
Other expenses	94,878	236,705	-	331,583	21,064
Depreciation	276	134,738	136,232	271,246	288,730
Total operating expenses	<u>1,206,319</u>	<u>4,030,521</u>	<u>150,057</u>	<u>5,386,897</u>	<u>350,433</u>
Operating income (loss)	<u>121,595</u>	<u>(607,175)</u>	<u>(20,597)</u>	<u>(506,177)</u>	<u>(77,424)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Investment income	14,938	-	5,765	20,703	47,481
Interest expense	-	(200)	-	(200)	-
Gain (loss) on disposal of assets	-	(1,860)	(16,055)	(17,915)	(89)
Total nonoperating revenues (expenses)	<u>14,938</u>	<u>(2,060)</u>	<u>(10,290)</u>	<u>2,588</u>	<u>47,392</u>
Income (loss) before transfers	136,533	(609,235)	(30,887)	(503,589)	(30,032)
Transfers in	-	450,000	-	450,000	-
Change in net assets	136,533	(159,235)	(30,887)	(53,589)	(30,032)
Total net assets - beginning of year	<u>82,652</u>	<u>18,843,367</u>	<u>458,054</u>		<u>1,963,850</u>
Total net assets - end of year	<u>\$ 219,185</u>	<u>\$ 18,684,132</u>	<u>\$ 427,167</u>		<u>\$ 1,933,818</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				744	
Change in net assets of business-type activities				<u>\$ (52,845)</u>	

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	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	\$ 1,329,415	\$ 3,386,490	\$ 129,460	\$ 4,845,365	\$ 275,602
Cash paid to employees	(595,290)	(1,257,240)	-	(1,852,530)	-
Cash paid to suppliers of goods and services	(645,900)	(2,629,955)	(8,382)	(3,284,237)	(61,717)
Other receipts	1,430	42,805	-	44,235	-
Net cash provided (used) by operating activities	<u>89,655</u>	<u>(457,900)</u>	<u>121,078</u>	<u>(247,167)</u>	<u>213,885</u>
Cash flows from non-capital financing activities:					
Transfers, net	-	450,000	-	450,000	-
Cash flows from capital and related financing activities:					
Purchase of property and equipment	-	-	(136,953)	(136,953)	(352,555)
Principal payments on capital lease	-	(2,235)	-	(2,235)	-
Interest payments on capital lease	-	(200)	-	(200)	-
Net cash used by capital and related financing activities	<u>-</u>	<u>(2,435)</u>	<u>(136,953)</u>	<u>(139,388)</u>	<u>(352,555)</u>
Cash flows from investing activities:					
Purchase of investments	(505,642)	-	-	(505,642)	(1,015,933)
Sale of investments	388,687	-	-	388,687	898,569
Interest received	21,852	-	5,765	27,617	52,822
Net cash provided (used) by investing activities	<u>(95,103)</u>	<u>-</u>	<u>5,765</u>	<u>(89,338)</u>	<u>(64,542)</u>
Increase (decrease) in cash and cash equivalents	(5,448)	(10,335)	(10,110)	(25,893)	(203,212)
Cash and cash equivalents at beginning of year	14,281	57,368	144,754	216,403	279,244
Cash and cash equivalents at end of year	<u>\$ 8,833</u>	<u>\$ 47,033</u>	<u>\$ 134,644</u>	<u>\$ 190,510</u>	<u>\$ 76,032</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 121,595	\$ (607,175)	\$ (20,597)	\$ (506,177)	\$ (77,424)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	276	134,738	136,232	271,246	288,730
Change in operating assets and liabilities:					
(Increase) decrease in receivables	(9,165)	(26,355)	-	(35,520)	2,593
(Increase) decrease in prepaid items	(304)	687	-	383	-
(Increase) decrease in inventories	-	43,779	-	43,779	-
Increase (decrease) in liabilities	(22,747)	(3,574)	5,443	(20,878)	(14)
Total adjustments	<u>(31,940)</u>	<u>149,275</u>	<u>141,675</u>	<u>259,010</u>	<u>291,309</u>
Net cash provided by operating activities	<u>\$ 89,655</u>	<u>\$ (457,900)</u>	<u>\$ 121,078</u>	<u>\$ (247,167)</u>	<u>\$ 213,885</u>
Non-cash investing, capital and financing activities:					
Change in fair value of investments	\$ (22,283)	\$ -	\$ -	\$ (22,283)	\$ (27,079)

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
DECEMBER 31, 2006**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Pooled cash and cash equivalents	\$ 81,929
 Total assets	 <u>\$ 81,929</u>
 <b>LIABILITIES</b>	
Undistributed monies	<u>\$ 81,929</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, 2006

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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, 2006 (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, 2006 (continued)

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*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.

*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* - This fund accounts for assets held by the City for 1) security rental deposits for rental of City property, 2) bonds from property owners for street improvements, 3) payroll withholdings, and 4) other miscellaneous activities.

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)

# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006 (continued)

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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 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.

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, 2006 (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 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.

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

# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006 (continued)

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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 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.

# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006 (continued)

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### **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.

### **9. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. During fiscal year 2006, the City settled litigation in its favor. The litigation involved matters stemming from the construction of the police facility which was completed in fiscal year 2002.

## **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."

**Deposits** - At December 31, 2006, the carrying amount of the City's cash deposits (which includes Certificates of Deposits of \$1,000,000) was \$1,943,478 and the bank balance was \$2,245,055. Of the bank balance, \$200,000 was covered by federal depository

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006 (continued)

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 2006. 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, 2006.

A summary of the fair value of investments held, and year of maturities, as of December 31, 2006 is as follows:

	Fair Value	Investments maturing in years ended				
		12/31/07	12/31/08	12/31/09	12/31/10	12/31/11
U.S. agencies	\$17,542,377	\$985,155	\$2,406,643	\$5,339,162	\$3,992,893	\$4,818,524
Mutual bond fund	358,846	358,846	0	0	0	0
STAR Ohio	<u>872,667</u>	<u>872,667</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total investments	<u>\$18,773,890</u>	<u>\$2,216,668</u>	<u>\$2,406,643</u>	<u>\$5,339,162</u>	<u>\$3,992,893</u>	<u>\$4,818,524</u>

Callable securities are assumed to remain uncalled prior to maturity.



# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006 (continued)

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*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* – It is the City’s policy to limit its investments that are not obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. As of December 31, 2006, 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.

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City’s securities are either insured and registered in the name of the City, or at least registered in the name of the City.

*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, 2006 include:

<u>Issuer:</u>	<u>Fair Value</u>	<u>Percent</u>
U.S. Government-sponsored Corporations:		
Federal National Mortgage Corporation	\$7,483,229	39.9%
Federal Home Loan Bank	3,280,790	17.5%
Federal Home Loan Mortgage Corporation	6,098,420	32.5%

# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006 (continued)

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### 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.

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, 2005
Lien date	December 31, 2005
Tax bill mailed	January 20, 2006
First installment payment due	February 15, 2006
Second installment payment due	July 15, 2006

The assessed values for the City at December 31, 2005, were as follows:

	Assessed Value
Real Estate	\$605,269,200
Tangible Personal Property	23,358,785
Public Utility Personal Property	<u>12,032,860</u>
Total	<u>\$640,660,845</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, 2006 (continued)

#### D. Capital Assets

Capital asset activity for the year ended December 31, 2006 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>3,659,081</u>	\$ <u>318,275</u>	\$ <u>0</u>	\$ <u>3,977,356</u>
<i>Capital assets being depreciated:</i>				
Building and improvements	8,538,690	0	0	8,538,690
Machinery and equipment	6,219,244	761,879	(208,013)	6,773,110
General infrastructure	<u>43,417,210</u>	<u>1,072,277</u>	<u>0</u>	<u>44,489,487</u>
Subtotal	<u>58,175,144</u>	<u>1,834,156</u>	<u>(208,013)</u>	<u>59,801,287</u>
<i>Less accumulated depreciation for:</i>				
Building and improvements	1,331,284	211,960	0	1,543,244
Machinery and equipment	4,171,417	608,915	(195,618)	4,584,714
General infrastructure	<u>17,325,145</u>	<u>1,636,741</u>	<u>0</u>	<u>18,961,886</u>
Subtotal	<u>22,827,846</u>	<u>2,457,616</u>	<u>(195,618)</u>	<u>25,089,844</u>
Net capital assets	<u>\$ 39,006,379</u>	<u>\$ (305,185)</u>	<u>\$ (12,395)</u>	<u>\$ 38,688,799</u>

Depreciation was charged to governmental activities as follows:

General government	\$ 132,123
Public safety	344,853
Community environment	4,501
Recreation	53,647
Transportation	<u>1,821,554</u>
Total governmental activities depreciation expense	<u>\$ 2,356,678</u>
Portion of internal service funds' depreciation included above allocable to business-type activities	<u>100,938</u>
Total additions to accumulated depreciation of governmental activities	<u>\$ 2,457,616</u>

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006 (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>1,783,788</u>	<u>136,953</u>	<u>(149,061)</u>	<u>1,771,680</u>
Subtotal	<u>5,820,891</u>	<u>136,953</u>	<u>(149,061)</u>	<u>5,808,783</u>
 <i>Less accumulated depreciation for:</i>				
Building and improvements	858,189	89,713	0	947,902
Machinery and equipment	<u>1,090,623</u>	<u>181,533</u>	<u>(131,146)</u>	<u>1,141,010</u>
Subtotal	<u>1,948,812</u>	<u>271,246</u>	<u>(131,146)</u>	<u>2,088,912</u>
 Net capital assets	 \$ <u>19,038,955</u>	 \$ <u>(134,293)</u>	 \$ <u>17,915</u>	 \$ <u>18,886,747</u>

Depreciation was charged to business-type activities as follows:

Waste collection	\$ 276
Golf course operations	134,738
Other business-type activities	<u>136,232</u>
Total business-type activities depreciation expense	\$ <u>271,246</u>
Portion of internal service funds' depreciation allocable to business-type activities	<u>100,938</u>
Total additions to accumulated depreciation of business-type activities	\$ <u>372,184</u>

#### **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

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006 (continued)

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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 2006, member and employer contribution rates were consistent across all three plans. Plan members were required to contribute 9.0% of their annual covered salary and the City was required to contribute 13.70%. The City's required contributions to OPERS for the years ended December 31, 2006, 2005 and 2004, were \$706,546, \$689,388, and \$699,401 respectively, equal to the required contributions for the year.

#### 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 pension 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 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, 2006, 2005, and 2004 were \$566,902, \$535,039, and \$525,285 respectively, equal to the required contributions for the year. The unpaid contribution for 2006 was \$164,199, 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

# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006 (continued)

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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 2006 rate was 13.70% of covered payroll, and 4.5% was used to fund health care for the year.

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, 2005.

**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

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006 (continued)

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depreciation on investment assets annually, not to exceed a 12% corridor.

**Investment Return:** The investment assumption rate for 2005 was 6.50%.

**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 0.50% to 6.0% for the next 9 years. In subsequent years (10 and beyond), health care costs were assumed to increase at 4.0% (the projected wage inflation rate).

The OPEB's are advanced-funded on an actuarially determined basis. The number of active contributing participants to the Traditional Pension and Combined Plans was 369,214 as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005 actuarial valuation was 358,804. The portion of the City's contributions that were used to fund postemployment benefits was \$232,100. \$11.1 billion represents the actuarial valuation of OPERS' net assets available for OPEB at December 31, 2005. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2005, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional fund to be allocated to the health care plan.

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

The plan provides access to post-retirement health care coverage to any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio

# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006 (continued)

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. The Ohio Revised Code provides the statutory authority allowing OP&F's Board of Trustees to offer health care coverage to all eligible individuals.

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 2005 and in 2006. 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, 2005, the date of the last actuarial valuation available, was 13,922 for Police and 10,537 for Firefighters. The City's annual contribution for 2006 that was used to fund postemployment benefits was \$225,060. The plan's total health care expenses for the year ended December 31, 2005 were \$108,039,449, which was net of member contributions of \$55,271,881.

### G. Interfund Receivables, Payables & Transfers

The composition of interfund balances as of December 31, 2006, is as follows:

*Internal balances:*

<u>Type</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Internal Service Allocation	\$8,822	\$(8,822)
Due to / Due from Other Funds	<u>13,013</u>	<u>(13,013)</u>
Total	<u>\$21,835</u>	<u>\$(21,835)</u>

*Due to / due from other funds:*

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Recreational Projects	\$ 5,481
General	Golf Course Operations	13,013
Golf Course Debt Retirement	General	<u>52,751</u>
Total		<u>\$71,245</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.



# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006 (continued)

*Interfund transfers:*

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 0	\$2,975,000
Street Construction and Maintenance	850,000	0
Capital Improvements	1,250,000	0
Non-major Governmental	425,000	0
Golf Course Operations	<u>450,000</u>	<u>0</u>
Total	<u>\$2,975,000</u>	<u>\$2,975,000</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.

The future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of December 31, 2006, were as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Golf Course</u> <u>Operations</u>
2007	\$5,904	\$2,436
2008	<u>2,469</u>	<u>2,233</u>
Total minimum lease payments	8,373	4,669
Less: amount representing interest	<u>(229)</u>	<u>(159)</u>
Present value of minimum lease payments	<u>\$8,144</u>	<u>\$4,510</u>

### I. Operating Lease – City as Lessor

The City is the lessor of a building under noncancellable leases with the Bureau of Motor Vehicles, State of Ohio and the Auto Title Division, Montgomery County, Ohio. Assets relating to the leases as of December 31, 2006 include buildings and improvements of a cost \$214,284 and accumulated depreciation of \$60,679. The future minimum lease payments as of December 31, 2006 are as follows:

2007	\$ 22,698
2008	23,332
2009	<u>11,159</u>
	<u>\$ 57,189</u>

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006 (continued)

#### J. Long-term Debt

Long-term liability activity for the year ended December 31, 2006, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
<b>General Obligation Bonds:</b>					
Capital Facilities-Series 2001, 3.50%-5.125%	\$3,025,000	\$ 0	\$ 90,000	\$ 2,935,000	95,000
Various Purpose Refunding- Series 2003, 2.00%-5.25%	14,640,000	0	665,000	13,975,000	670,000
Less deferred amounts:					
For issuance premium	311,035	0	18,141	292,894	0
On refunding	<u>(1,149,689)</u>	<u>0</u>	<u>(67,053)</u>	<u>(1,082,636)</u>	<u>0</u>
Total general obligation bonds	16,826,346	0	706,088	16,120,258	765,000
<b>Special Assessment Bonds:</b>					
Street Improvement-Series 1987, 6.375%	21,000	0	10,000	11,000	11,000
Street Improvement-Series 1990, 7.90%	85,000	0	14,000	71,000	15,000
Street Improvement-Series 1994, 5.40%-6.60%	215,000	0	20,000	195,000	20,000
Street Improvement-Series 1995, 4.30%-5.625%	945,000	0	25,000	920,000	25,000
Street Improvement-Series 1998-1, 4.05%-5.35%	1,025,000	0	25,000	1,000,000	25,000
Street Improvement-Series 1998-2, 3.50%-5.00%	1,100,000	0	25,000	1,075,000	25,000
Street Improvement-Series 1999, 4.20%-5.75%	1,435,000	0	30,000	1,405,000	30,000
Street Improvement-Series 2000, 4.65%-5.75%	1,010,000	0	20,000	990,000	20,000
Street Improvement-Series 2001, 3.70%-5.50%	935,000	0	20,000	915,000	20,000
Street Improvement-Series 2002, 4.20%-5.30%	<u>620,000</u>	<u>0</u>	<u>15,000</u>	<u>605,000</u>	<u>15,000</u>
Total Special Assessment Bonds	7,391,000	0	204,000	7,187,000	206,000
<b>Other:</b>					
Capital leases	13,651	0	5,507	8,144	5,706
Compensated absences	<u>560,908</u>	<u>416,780</u>	<u>403,784</u>	<u>573,904</u>	<u>100,000</u>
Total Other	574,559	416,780	409,291	582,048	105,706
<b>Total-Governmental Activities</b>					
<b>Long-term Liabilities</b>	<u>\$24,791,905</u>	<u>\$416,780</u>	<u>\$1,319,379</u>	<u>\$23,889,306</u>	<u>\$1,076,706</u>

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006 (continued)

***Business-type Activities:***

**Other:**

Capital leases	\$ 6,745	\$ 0	\$ 2,235	\$ 4,510	\$ 2,315
Compensated absences	<u>153,603</u>	<u>35,888</u>	<u>78,191</u>	<u>111,300</u>	<u>25,000</u>
<b><i>Total-Business-type Activities</i></b>					
<b><i>Long-term Liabilities</i></b>	<u>\$160,348</u>	<u>\$35,888</u>	<u>\$80,426</u>	<u>\$115,810</u>	<u>\$27,315</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. The original amount of general obligation bonds issued in prior years was \$19,265,000.

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 original amount of special assessment bonds issued in prior years was \$8,730,550.

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 and the Golf Course Operations 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, 2006:

<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>
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	885,000	635,003	234,000	345,292
2012-2016	5,000,000	2,642,799	1,235,000	1,532,643
2017-2021	5,130,000	1,386,835	1,475,000	1,180,521
2022-2026	2,665,000	350,163	1,930,000	732,503
2027-2031	0	0	1,425,000	203,460
2032	<u>0</u>	<u>0</u>	<u>40,000</u>	<u>2,120</u>
<b>Total</b>	<u>\$16,910,000</u>	<u>\$7,843,973</u>	<u>\$7,187,000</u>	<u>\$5,490,486</u>

## City of Centerville, Ohio

### Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006 (continued)

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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, 2006, the City had a legal debt margin for total debt of \$67,269,389 and a legal debt margin for unvoted debt of \$35,236,346.

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.

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, 2006, Health Care Variable Rate Demand Revenue Bonds outstanding aggregated \$1,800,000.

#### **K. 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 2006, 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:

# City of Centerville, Ohio

## Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2006 (continued)

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General liability	\$10,000,000 per occurrence
Automobile liability	\$10,000,000 per occurrence
Police professional liability	\$10,000,000 per occurrence
Public officials liability	\$10,000,000 per occurrence
Boiler and machinery	\$100,000,000 per occurrence
Property	\$350,000,000 per occurrence
Flood	\$20,000,000 per occurrence
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 2006, the City paid 100% of the premiums for the dental and life insurance coverages, and approximately 95% of the premiums for medical insurance coverage.

### **L. 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. 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 City.

**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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Local Taxes	\$ 12,524,767	\$ 12,524,767	\$ 12,990,879	\$ 466,112
Intergovernmental revenues	924,710	924,710	945,433	20,723
Charges for services	33,800	33,800	44,154	10,354
Fines, licenses, and permits	269,800	269,800	320,681	50,881
Interest earned	225,000	225,000	234,198	9,198
Miscellaneous and reimbursements	196,014	196,014	491,999	295,985
Total revenues	<u>14,174,091</u>	<u>14,174,091</u>	<u>15,027,344</u>	<u>853,253</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	4,725,154	4,790,154	4,567,575	222,579
Public safety	5,770,550	5,770,550	5,646,702	123,848
Community environment	273,854	273,854	252,308	21,546
Recreation	471,713	471,713	381,515	90,198
Total expenditures	<u>11,241,271</u>	<u>11,306,271</u>	<u>10,848,100</u>	<u>458,171</u>
Excess (deficiency) of revenues over expenditures	2,932,820	2,867,820	4,179,244	1,311,424
<b>Other financing sources (uses):</b>				
Transfers (out)	<u>(2,775,000)</u>	<u>(2,975,000)</u>	<u>(2,975,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,775,000)</u>	<u>(2,975,000)</u>	<u>(2,975,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	157,820	(107,180)	1,204,244	1,311,424
Fund balance at beginning of year	<u>4,544,591</u>	<u>4,544,591</u>	<u>4,544,591</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,702,411</u>	<u>\$ 4,437,411</u>	<u>\$ 5,748,835</u>	<u>\$ 1,311,424</u>

**City of Centerville**  
**Required Supplementary Information**  
**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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 950,268	\$ 950,268	\$ 937,976	\$ (12,292)
Charges for services	750	750	1,744	994
Interest earned	12,000	12,000	15,964	3,964
Miscellaneous and reimbursements	1,764	1,764	2,873	1,109
Total revenues	<u>964,782</u>	<u>964,782</u>	<u>958,557</u>	<u>(6,225)</u>
Expenditures:				
Current:				
Transportation	<u>1,839,220</u>	<u>1,867,142</u>	<u>1,759,459</u>	<u>107,683</u>
Total expenditures	1,839,220	1,867,142	1,759,459	107,683
Excess (deficiency) of revenues over expenditures	(874,438)	(902,360)	(800,902)	101,458
Other financing sources (uses):				
Transfers in	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>	<u>-</u>
Total other financing sources (uses)	850,000	850,000	850,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(24,438)	(52,360)	49,098	101,458
Fund balance at beginning of year	<u>269,116</u>	<u>269,116</u>	<u>269,116</u>	<u>-</u>
Fund balance at end of year	<u>\$ 244,678</u>	<u>\$ 216,756</u>	<u>\$ 318,214</u>	<u>\$ 101,458</u>

# City of Centerville, Ohio

## Notes to the Required Supplementary Information For the Fiscal Year Ended December 31, 2006

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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, 2006 (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, 2006.

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 and the street construction and maintenance 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, 2006 (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>	<b>Street Construction and Maintenance Fund</b>
GAAP basis	\$ 1,635,080	\$ 70,672
Net adjustment for revenue accruals	(258,823)	19,687
Net adjustment for expenditure accruals	(30,670)	(34,685)
Net adjustment for encumbrances	<u>(141,343)</u>	<u>(6,576)</u>
Budget basis	<u>\$ 1,204,244</u>	<u>\$ 49,098</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.

***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 for 1) security rental deposits for rental of City property, 2) bonds from property owners for street improvements, 3) payroll withholdings, and 4) other miscellaneous activities.

**CITY OF CENTERVILLE  
COMBINING BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2006**

	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	\$ 224,540	\$ 38,908	\$ 110,603	\$ 374,051
Investments	174,800	1,750,812	585,360	2,510,972
Receivables (net):				
Intergovernmental	76,694	-	-	76,694
Interest	230	7,199	2,823	10,252
Due from other funds	<u>-</u>	<u>52,751</u>	<u>-</u>	<u>52,751</u>
 Total assets	 <u>\$ 476,264</u>	 <u>\$ 1,849,670</u>	 <u>\$ 698,786</u>	 <u>\$ 3,024,720</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 1,113	\$ -	\$ 1,707	\$ 2,820
Due to other funds	-	-	5,481	5,481
Deferred revenue	<u>54,687</u>	<u>5,866</u>	<u>-</u>	<u>60,553</u>
 Total liabilities	 <u>55,800</u>	 <u>5,866</u>	 <u>7,188</u>	 <u>68,854</u>
Fund Balances:				
Reserved for:				
Debt service	-	1,843,804	-	1,843,804
Encumbrances	100	-	28,500	28,600
Unreserved	<u>420,364</u>	<u>-</u>	<u>663,098</u>	<u>1,083,462</u>
 Total fund balances	 <u>420,464</u>	 <u>1,843,804</u>	 <u>691,598</u>	 <u>2,955,866</u>
 Total liabilities and fund balances	 <u>\$ 476,264</u>	 <u>\$ 1,849,670</u>	 <u>\$ 698,786</u>	 <u>\$ 3,024,720</u>

**CITY OF CENTERVILLE  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	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	\$ 239,290	\$ -	\$ -	\$ 239,290
Fines, licenses and permits	1,110	-	-	1,110
Investment income	21,276	119,717	28,600	169,593
Lot sales	-	25,752	-	25,752
Rent	-	819,045	-	819,045
Miscellaneous	<u>118,352</u>	<u>-</u>	<u>-</u>	<u>118,352</u>
 Total revenues	 <u>380,028</u>	 <u>964,514</u>	 <u>28,600</u>	 <u>1,373,142</u>
<b>EXPENDITURES:</b>				
Current:				
General government	12,481	-	-	12,481
Public safety	9,812	-	-	9,812
Recreation	50,825	-	-	50,825
Transportation	64,437	-	-	64,437
Capital outlay	160,000	-	167,823	327,823
Debt service:				
Principal	-	755,000	-	755,000
Interest	<u>-</u>	<u>760,473</u>	<u>-</u>	<u>760,473</u>
 Total expenditures	 <u>297,555</u>	 <u>1,515,473</u>	 <u>167,823</u>	 <u>1,980,851</u>
Deficiency of revenues over (under) expenditures	<u>82,473</u>	<u>(550,959)</u>	<u>(139,223)</u>	<u>(607,709)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>-</u>	<u>275,000</u>	<u>150,000</u>	<u>425,000</u>
 Total other financing sources (uses)	 <u>-</u>	 <u>275,000</u>	 <u>150,000</u>	 <u>425,000</u>
Net change in fund balances	82,473	(275,959)	10,777	(182,709)
Fund balances, beginning of year	<u>337,991</u>	<u>2,119,763</u>	<u>680,821</u>	<u>3,138,575</u>
Fund balances, end of year	<u>\$ 420,464</u>	<u>\$ 1,843,804</u>	<u>\$ 691,598</u>	<u>\$ 2,955,866</u>

**CITY OF CENTERVILLE  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2006**

(continued)

	<u>State Highway</u>	<u>Permissive Tax</u>	<u>Law Enforcement</u>	<u>Enforcement &amp; Education</u>	<u>Drug Law</u>	<u>Friends of Benham's Grove</u>
<b>ASSETS</b>						
Pooled cash and cash equivalents	\$ 83,305	\$ 13,861	\$ 19,189	\$ 25,429	\$ 867	\$ 19,217
Investments	-	-	76,264	-	-	-
Receivables (net):						
Intergovernmental	42,683	33,986	-	25	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 125,988</u>	<u>\$ 47,847</u>	<u>\$ 95,453</u>	<u>\$ 25,454</u>	<u>\$ 867</u>	<u>\$ 19,217</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 214	\$ -	\$ 399	\$ -	\$ -	\$ 500
Deferred revenue	<u>30,138</u>	<u>24,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>30,352</u>	<u>24,549</u>	<u>399</u>	<u>-</u>	<u>-</u>	<u>500</u>
Fund Balances:						
Reserved for:						
Encumbrances	-	-	-	-	-	100
Unreserved	<u>95,636</u>	<u>23,298</u>	<u>95,054</u>	<u>25,454</u>	<u>867</u>	<u>18,617</u>
Total fund balances	<u>95,636</u>	<u>23,298</u>	<u>95,054</u>	<u>25,454</u>	<u>867</u>	<u>18,717</u>
Total liabilities and fund balances	<u>\$ 125,988</u>	<u>\$ 47,847</u>	<u>\$ 95,453</u>	<u>\$ 25,454</u>	<u>\$ 867</u>	<u>\$ 19,217</u>



**CITY OF CENTERVILLE  
 COMBINING BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 DECEMBER 31, 2006**

	<u>Hospital Insurance</u>	<u>Police Operations Project</u>	<u>Non-major Special Revenue Funds Totals</u>
<b>ASSETS</b>			
Pooled cash and investments	\$ 51,242	\$ 11,430	\$ 224,540
Investments	47,694	50,842	174,800
Receivables (net):			
Intergovernmental	-	-	76,694
Interest	<u>230</u>	<u>-</u>	<u>230</u>
 Total assets	 <u>\$ 99,166</u>	 <u>\$ 62,272</u>	 <u>\$ 476,264</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 1,113
Deferred revenue	<u>-</u>	<u>-</u>	<u>54,687</u>
 Total liabilities	 <u>-</u>	 <u>-</u>	 <u>55,800</u>
Fund Balances:			
Reserved for:			
Encumbrances	-	-	100
Unreserved	<u>99,166</u>	<u>62,272</u>	<u>420,364</u>
 Total fund balances	 <u>99,166</u>	 <u>62,272</u>	 <u>420,464</u>
 Total liabilities and fund balances	 <u>\$ 99,166</u>	 <u>\$ 62,272</u>	 <u>\$ 476,264</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, 2006**

(continued)

	State Highway	Permissive Tax	Law Enforcement	Enforcement & Education	Drug Law	Friends of Benham's Grove
<b>REVENUES:</b>						
Intergovernmental revenues	\$ 74,695	\$ 164,595	\$ -	\$ -	\$ -	\$ -
Fines, licenses and permits	-	-	-	1,110	-	-
Investment income	3,828	3,177	4,164	1,246	43	1,200
Miscellaneous	-	-	60,459	13,397	-	44,496
	<u>78,523</u>	<u>167,772</u>	<u>64,623</u>	<u>15,753</u>	<u>43</u>	<u>45,696</u>
Total revenues						
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	3,650	6,162	-	-
Recreation	-	-	-	-	-	50,825
Transportation	64,437	-	-	-	-	-
Capital outlay	-	160,000	-	-	-	-
	<u>64,437</u>	<u>160,000</u>	<u>3,650</u>	<u>6,162</u>	<u>-</u>	<u>50,825</u>
Total expenditures						
Excess (deficiency) of revenues over (under) expenditures	<u>14,086</u>	<u>7,772</u>	<u>60,973</u>	<u>9,591</u>	<u>43</u>	<u>(5,129)</u>
Net change in fund balances	14,086	7,772	60,973	9,591	43	(5,129)
Fund balances, beginning of year	<u>81,550</u>	<u>15,526</u>	<u>34,081</u>	<u>15,863</u>	<u>824</u>	<u>23,846</u>
Fund balances, end of year	<u>\$ 95,636</u>	<u>\$ 23,298</u>	<u>\$ 95,054</u>	<u>\$ 25,454</u>	<u>\$ 867</u>	<u>\$ 18,717</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, 2006**

	<u>Hospital Insurance</u>	<u>Police Operations Project</u>	<u>Non-major Special Revenue Funds Totals</u>
<b>REVENUES:</b>			
Intergovernmental revenues	\$ -	\$ -	\$ 239,290
Fines, licenses and permits	-	-	1,110
Investment income	4,673	2,945	21,276
Miscellaneous	-	-	118,352
	<u>4,673</u>	<u>2,945</u>	<u>380,028</u>
Total revenues			
	<u>4,673</u>	<u>2,945</u>	<u>380,028</u>
<b>EXPENDITURES:</b>			
Current:			
General government	12,481	-	12,481
Public safety	-	-	9,812
Recreation	-	-	50,825
Transportation	-	-	64,437
Capital outlay	-	-	160,000
	<u>12,481</u>	<u>-</u>	<u>297,555</u>
Total expenditures			
	<u>12,481</u>	<u>-</u>	<u>297,555</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,808)</u>	<u>2,945</u>	<u>82,473</u>
Net change in fund balances	(7,808)	2,945	82,473
Fund balances, beginning of year	<u>106,974</u>	<u>59,327</u>	<u>337,991</u>
Fund balances, end of year	<u>\$ 99,166</u>	<u>\$ 62,272</u>	<u>\$ 420,464</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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 77,049	\$ 77,049	\$ 76,052	\$ (997)
Interest earned	2,000	2,000	3,828	1,828
Total revenues	79,049	79,049	79,880	831
Expenditures:				
Current:				
Transportation	93,503	93,503	65,659	27,844
Total expenditures	93,503	93,503	65,659	27,844
Excess (deficiency) of revenues over expenditures	(14,454)	(14,454)	14,221	28,675
Fund balance at beginning of year	69,084	69,084	69,084	-
Fund balance at end of year	\$ 54,630	\$ 54,630	\$ 83,305	\$ 28,675

**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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 165,000	\$ 165,000	\$ 165,300	\$ 300
Interest earned	2,000	2,000	3,177	1,177
Total revenues	167,000	167,000	168,477	1,477
Expenditures:				
Capital outlay	160,000	160,000	160,000	-
Total expenditures	160,000	160,000	160,000	-
Excess (deficiency) of revenues over expenditures	7,000	7,000	8,477	1,477
Fund balance at beginning of year	5,384	5,384	5,384	-
Fund balance at end of year	\$ 12,384	\$ 12,384	\$ 13,861	\$ 1,477

**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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 1,300	\$ 1,300	\$ 4,164	\$ 2,864
Miscellaneous and reimbursements	<u>3,000</u>	<u>3,000</u>	<u>60,858</u>	<u>57,858</u>
Total revenues	4,300	4,300	65,022	60,722
Expenditures:				
Current:				
Public safety	<u>9,667</u>	<u>14,667</u>	<u>7,176</u>	<u>7,491</u>
Total expenditures	9,667	14,667	7,176	7,491
Excess (deficiency) of revenues over expenditures	(5,367)	(10,367)	57,846	68,213
Fund balance at beginning of year	<u>37,608</u>	<u>37,608</u>	<u>37,608</u>	-
Fund balance at end of year	<u>\$ 32,241</u>	<u>\$ 27,241</u>	<u>\$ 95,454</u>	<u>\$ 68,213</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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Fines, licenses, and permits	\$ 2,700	\$ 2,700	\$ 1,177	\$ (1,523)
Interest earned	450	450	1,246	796
Miscellaneous and reimbursements	<u>7,000</u>	<u>7,000</u>	<u>13,897</u>	<u>6,897</u>
Total revenues	10,150	10,150	16,320	6,170
Expenditures:				
Current:				
Public safety	<u>10,462</u>	<u>10,462</u>	<u>6,162</u>	<u>4,300</u>
Total expenditures	10,462	10,462	6,162	4,300
Excess (deficiency) of revenues over expenditures	(312)	(312)	10,158	10,470
Fund balance at beginning of year	<u>15,273</u>	<u>15,273</u>	<u>15,273</u>	-
Fund balance at end of year	<u>\$ 14,961</u>	<u>\$ 14,961</u>	<u>\$ 25,431</u>	<u>\$ 10,470</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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 20	\$ 20	\$ 43	\$ 23
Total revenues	<u>20</u>	<u>20</u>	<u>43</u>	<u>23</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	20	20	43	23
Fund balance at beginning of year	<u>823</u>	<u>823</u>	<u>823</u>	<u>-</u>
Fund balance at end of year	<u>\$ 843</u>	<u>\$ 843</u>	<u>\$ 866</u>	<u>\$ 23</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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 750	\$ 750	\$ 1,200	\$ 450
Miscellaneous and reimbursements	<u>26,000</u>	<u>42,000</u>	<u>44,496</u>	<u>2,496</u>
Total revenues	26,750	42,750	45,696	2,946
Expenditures:				
Current:				
Recreation	<u>26,475</u>	<u>61,475</u>	<u>50,925</u>	<u>10,550</u>
Total expenditures	26,475	61,475	50,925	10,550
Excess (deficiency) of revenues over expenditures	275	(18,725)	(5,229)	13,496
Fund balance at beginning of year	<u>23,846</u>	<u>23,846</u>	<u>23,846</u>	<u>-</u>
Fund balance at end of year	<u>\$ 24,121</u>	<u>\$ 5,121</u>	<u>\$ 18,617</u>	<u>\$ 13,496</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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 3,000	\$ 3,000	\$ 5,044	\$ 2,044
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>5,044</u>	<u>2,044</u>
Expenditures:				
Current:				
General government	15,000	15,000	12,481	2,519
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>12,481</u>	<u>2,519</u>
Excess (deficiency) of revenues over expenditures	(12,000)	(12,000)	(7,437)	4,563
Fund balance at beginning of year	<u>108,572</u>	<u>108,572</u>	<u>108,572</u>	<u>-</u>
Fund balance at end of year	<u>\$ 96,572</u>	<u>\$ 96,572</u>	<u>\$ 101,135</u>	<u>\$ 4,563</u>

**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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 2,000	\$ 2,000	\$ 2,945	\$ 945
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>2,945</u>	<u>945</u>
Expenditures:				
Current:				
Public safety	2,000	2,000	-	2,000
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Excess (deficiency) of revenues over expenditures	-	-	2,945	2,945
Fund balance at beginning of year	<u>59,327</u>	<u>59,327</u>	<u>59,327</u>	<u>-</u>
Fund balance at end of year	<u>\$ 59,327</u>	<u>\$ 59,327</u>	<u>\$ 62,272</u>	<u>\$ 2,945</u>

**CITY OF CENTERVILLE  
 COMBINING BALANCE SHEET  
 NON-MAJOR DEBT SERVICE FUNDS  
 DECEMBER 31, 2006**

	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	\$ 22,605	\$ 16,303	\$ 38,908
Investments	-	1,750,812	1,750,812
Receivables (net):			
Interest	-	7,199	7,199
Due from other funds	-	52,751	52,751
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 22,605</u>	<u>\$ 1,827,065</u>	<u>\$ 1,849,670</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>22,605</u>	<u>1,821,199</u>	<u>1,843,804</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>22,605</u>	<u>1,821,199</u>	<u>1,843,804</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 22,605</u>	<u>\$ 1,827,065</u>	<u>\$ 1,849,670</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, 2006**

	Unvoted Debt Retirement	Golf Course Debt Retirement	Non-major Debt Service Funds Totals
<b>REVENUES:</b>			
Investment income	\$ 3,103	\$ 116,614	\$ 119,717
Lot sales	-	25,752	25,752
Rent	-	819,045	819,045
	<u>3,103</u>	<u>961,411</u>	<u>964,514</u>
Total revenues			
	<u>3,103</u>	<u>961,411</u>	<u>964,514</u>
<b>EXPENDITURES:</b>			
Debt service:			
Principal	75,000	680,000	755,000
Interest and fiscal charges	40,903	719,570	760,473
	<u>115,903</u>	<u>1,399,570</u>	<u>1,515,473</u>
Total expenditures			
	<u>115,903</u>	<u>1,399,570</u>	<u>1,515,473</u>
Excess (deficiency) of revenues over (under) expenditures	(112,800)	(438,159)	(550,959)
<b>OTHER FINANCING USES:</b>			
Transfers in	<u>125,000</u>	<u>150,000</u>	<u>275,000</u>
Total other financing uses			
	<u>125,000</u>	<u>150,000</u>	<u>275,000</u>
Net change in fund balances	12,200	(288,159)	(275,959)
Fund balances, beginning of year	<u>10,405</u>	<u>2,109,358</u>	<u>2,119,763</u>
Fund balances, end of year	<u>\$ 22,605</u>	<u>\$ 1,821,199</u>	<u>\$ 1,843,804</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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 1,800	\$ 1,800	\$ 3,103	\$ 1,303
Total revenues	1,800	1,800	3,103	1,303
Expenditures:				
Debt service:				
Principal	75,000	75,000	75,000	-
Interest and fiscal charges	40,903	40,903	40,903	-
Total expenditures	115,903	115,903	115,903	-
Excess (deficiency) of revenues over expenditures	(114,103)	(114,103)	(112,800)	1,303
Other financing sources (uses):				
Transfers in	125,000	125,000	125,000	-
Total other financing sources (uses)	125,000	125,000	125,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	10,897	10,897	12,200	1,303
Fund balance at beginning of year	10,406	10,406	10,406	-
Fund balance at end of year	<u>\$ 21,303</u>	<u>\$ 21,303</u>	<u>\$ 22,606</u>	<u>\$ 1,303</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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 60,000	\$ 60,000	\$ 106,608	\$ 46,608
Sale of property	120,000	120,000	25,752	(94,248)
Miscellaneous and reimbursements	973,680	973,680	969,045	(4,635)
Total revenues	1,153,680	1,153,680	1,101,405	(52,275)
Expenditures:				
Debt service:				
Principal	680,000	680,000	680,000	-
Interest and fiscal charges	719,571	719,571	719,570	1
Total expenditures	1,399,571	1,399,571	1,399,570	1
Excess (deficiency) of revenues over expenditures	(245,891)	(245,891)	(298,165)	(52,274)
Fund balance at beginning of year	2,157,044	2,157,044	2,157,044	-
Fund balance at end of year	\$ 1,911,153	\$ 1,911,153	\$ 1,858,879	\$ (52,274)

**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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Special assessments	\$ 635,679	\$ 635,679	\$ 631,117	\$ (4,562)
Interest earned	17,000	17,000	24,909	7,909
Total revenues	652,679	652,679	656,026	3,347
Expenditures:				
Current:				
General government	35,100	35,100	30,487	4,613
Debt service:				
Principal	204,000	204,000	204,000	-
Interest and fiscal charges	409,620	409,620	399,620	10,000
Total expenditures	648,720	648,720	634,107	14,613
Excess (deficiency) of revenues over expenditures	3,959	3,959	21,919	17,960
Fund balance at beginning of year	188,397	188,397	188,397	-
Fund balance at end of year	\$ 192,356	\$ 192,356	\$ 210,316	\$ 17,960

**CITY OF CENTERVILLE  
 COMBINING BALANCE SHEET  
 NON-MAJOR CAPITAL PROJECTS FUNDS  
 DECEMBER 31, 2006**

	Recreational Projects	Capital Equipment Purchase	Special Assessment Improvements	Non-major Capital Projects Funds Totals
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 44,036	\$ 60,307	\$ 6,260	\$ 110,603
Investments	70,526	74,177	440,657	585,360
Receivables (net):				
Interest	<u>340</u>	<u>358</u>	<u>2,125</u>	<u>2,823</u>
 Total assets	 <u>\$ 114,902</u>	 <u>\$ 134,842</u>	 <u>\$ 449,042</u>	 <u>\$ 698,786</u>
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 1,707	\$ -	\$ 1,707
Due to other funds	<u>5,481</u>	<u>-</u>	<u>-</u>	<u>5,481</u>
 Total liabilities	 <u>5,481</u>	 <u>1,707</u>	 <u>-</u>	 <u>7,188</u>
 Fund Balances:				
Reserved for:				
Encumbrances	-	28,500	-	28,500
Unreserved	<u>109,421</u>	<u>104,635</u>	<u>449,042</u>	<u>663,098</u>
 Total fund balances	 <u>109,421</u>	 <u>133,135</u>	 <u>449,042</u>	 <u>691,598</u>
 Total liabilities and fund balances	 <u>\$ 114,902</u>	 <u>\$ 134,842</u>	 <u>\$ 449,042</u>	 <u>\$ 698,786</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, 2006**

	Recreational Projects	Capital Equipment Purchase	Special Assessment Improvements	Non-major Capital Projects Funds Totals
<b>REVENUES:</b>				
Investment income	\$ 5,723	\$ 5,277	\$ 17,600	\$ 28,600
Total revenues	<u>5,723</u>	<u>5,277</u>	<u>17,600</u>	<u>28,600</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>77,102</u>	<u>90,721</u>	<u>-</u>	<u>167,823</u>
Total expenditures	<u>77,102</u>	<u>90,721</u>	<u>-</u>	<u>167,823</u>
Net change in fund balances	(71,379)	(85,444)	17,600	(139,223)
<b>OTHER FINANCING USES:</b>				
Transfers in	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Total other financing uses	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(71,379)	64,556	17,600	10,777
Fund balances, beginning of year	<u>180,800</u>	<u>68,579</u>	<u>431,442</u>	<u>680,821</u>
Fund balances, end of year	<u>\$ 109,421</u>	<u>\$ 133,135</u>	<u>\$ 449,042</u>	<u>\$ 691,598</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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 2,219,940	\$ 1,794,940	\$ 540,994	\$ (1,253,946)
Interest earned	225,000	225,000	331,389	106,389
Miscellaneous and reimbursements	-	-	511,296	511,296
Total revenues	<u>2,444,940</u>	<u>2,019,940</u>	<u>1,383,679</u>	<u>(636,261)</u>
Expenditures:				
Capital outlay	11,418,482	5,418,482	2,724,578	2,693,904
Total expenditures	<u>11,418,482</u>	<u>5,418,482</u>	<u>2,724,578</u>	<u>2,693,904</u>
Excess (deficiency) of revenues over expenditures	(8,973,542)	(3,398,542)	(1,340,899)	2,057,643
Other financing sources (uses):				
Sale of capital assets	-	-	40,000	40,000
Transfers in	1,250,000	1,250,000	1,250,000	-
Total other financing sources (uses)	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,290,000</u>	<u>40,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(7,723,542)	(2,148,542)	(50,899)	2,097,643
Fund balance at beginning of year	<u>8,403,964</u>	<u>8,403,964</u>	<u>8,403,964</u>	<u>-</u>
Fund balance at end of year	<u>\$ 680,422</u>	<u>\$ 6,255,422</u>	<u>\$ 8,353,065</u>	<u>\$ 2,097,643</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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 8,000	\$ 8,000	\$ 6,271	\$ (1,729)
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>6,271</u>	<u>(1,729)</u>
Expenditures:				
Capital outlay	111,532	111,532	99,659	11,873
Total expenditures	<u>111,532</u>	<u>111,532</u>	<u>99,659</u>	<u>11,873</u>
Excess (deficiency) of revenues over expenditures	(103,532)	(103,532)	(93,388)	10,144
Fund balance at beginning of year	<u>211,202</u>	<u>211,202</u>	<u>211,202</u>	<u>-</u>
Fund balance at end of year	<u>\$ 107,670</u>	<u>\$ 107,670</u>	<u>\$ 117,814</u>	<u>\$ 10,144</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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 3,000	\$ 3,000	\$ 5,464	\$ 2,464
Total revenues	3,000	3,000	5,464	2,464
Expenditures:				
Capital outlay	247,118	187,118	133,835	53,283
Total expenditures	247,118	187,118	133,835	53,283
Excess (deficiency) of revenues over expenditures	(244,118)	(184,118)	(128,371)	55,747
Other financing sources (uses):				
Transfers in	150,000	150,000	150,000	-
Total other financing sources (uses)	150,000	150,000	150,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(94,118)	(34,118)	21,629	55,747
Fund balance at beginning of year	86,068	86,068	86,068	-
Fund balance at end of year	<u>\$ (8,050)</u>	<u>\$ 51,950</u>	<u>\$ 107,697</u>	<u>\$ 55,747</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, 2006**

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 15,000	\$ 15,000	\$ 21,020	\$ 6,020
Total revenues	15,000	15,000	21,020	6,020
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	15,000	15,000	21,020	6,020
Fund balance at beginning of year	446,213	446,213	446,213	-
Fund balance at end of year	<u>\$ 461,213</u>	<u>\$ 461,213</u>	<u>\$ 467,233</u>	<u>\$ 6,020</u>

**CITY OF CENTERVILLE  
COMBINING BALANCE SHEET  
INTERNAL SERVICE FUNDS  
DECEMBER 31, 2006**

	<u>Central Vehicle Purchase</u>	<u>Insurance Deductible</u>	<u>Internal Service Totals</u>
<b>ASSETS</b>			
Current assets:			
Pooled cash and cash equivalents	\$ 30,011	\$ 46,021	\$ 76,032
Investments	838,121	150,733	988,854
Receivables (net):			
Accounts	-	5,234	5,234
Accrued interest	<u>2,798</u>	<u>727</u>	<u>3,525</u>
Total current assets	<u>870,930</u>	<u>202,715</u>	<u>1,073,645</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>868,917</u>	<u>-</u>	<u>868,917</u>
Total noncurrent assets	<u>868,917</u>	<u>-</u>	<u>868,917</u>
Total assets	<u>\$ 1,739,847</u>	<u>\$ 202,715</u>	<u>\$ 1,942,562</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 1,390	\$ 6,596	\$ 7,986
Deferred revenue	<u>758</u>	<u>-</u>	<u>758</u>
Total current liabilities	<u>2,148</u>	<u>6,596</u>	<u>8,744</u>
Total liabilities	<u>2,148</u>	<u>6,596</u>	<u>8,744</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	868,917	-	868,917
Unrestricted	<u>868,782</u>	<u>196,119</u>	<u>1,064,901</u>
Total net assets	<u>1,737,699</u>	<u>196,119</u>	<u>1,933,818</u>
Total liabilities and net assets	<u>\$ 1,739,847</u>	<u>\$ 202,715</u>	<u>\$ 1,942,562</u>



**CITY OF CENTERVILLE  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Central Vehicle Purchase	Insurance Deductible	Internal Service Totals
<b>OPERATING REVENUES:</b>			
Charges for services	\$ 259,100	\$ -	\$ 259,100
Other revenue	-	13,909	13,909
	<u>259,100</u>	<u>13,909</u>	<u>273,009</u>
Total operating revenues			
<b>OPERATING EXPENSES:</b>			
Purchased services	-	33,660	33,660
Supplies and materials	6,979	-	6,979
Other expenses	-	21,064	21,064
Depreciation	288,730	-	288,730
	<u>295,709</u>	<u>54,724</u>	<u>350,433</u>
Total operating expenses			
Operating income (loss)	<u>(36,609)</u>	<u>(40,815)</u>	<u>(77,424)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income	38,827	8,654	47,481
Gain (loss) on disposal of assets	<u>(89)</u>	<u>-</u>	<u>(89)</u>
Total nonoperating revenues (expenses)	<u>38,738</u>	<u>8,654</u>	<u>47,392</u>
Income (loss)	2,129	(32,161)	(30,032)
Change in net assets	2,129	(32,161)	(30,032)
Net assets, beginning of year	<u>1,735,570</u>	<u>228,280</u>	<u>1,963,850</u>
Net assets, end of year	<u>\$ 1,737,699</u>	<u>\$ 196,119</u>	<u>\$ 1,933,818</u>

**CITY OF CENTERVILLE  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Central Vehicle Purchase	Insurance Deductible	Total Internal Service
Cash flows from operating activities:			
Cash received from customers	\$ 259,100	\$ 16,502	\$ 275,602
Cash paid to suppliers of goods and services	<u>(5,589)</u>	<u>(56,128)</u>	<u>(61,717)</u>
Net cash provided by operating activities	<u>253,511</u>	<u>(39,626)</u>	<u>213,885</u>
Cash flows from capital and related financing activities:			
Purchase of property and equipment	<u>(352,555)</u>	<u>-</u>	<u>(352,555)</u>
Net cash used by capital and related financing activities	<u>(352,555)</u>	<u>-</u>	<u>(352,555)</u>
Cash flows from investing activities:			
Purchase of investments	(858,251)	(157,682)	(1,015,933)
Sale of investments	747,973	150,596	898,569
Interest received	<u>42,998</u>	<u>9,824</u>	<u>52,822</u>
Net cash provided (used) by investing activities	<u>(67,280)</u>	<u>2,738</u>	<u>(64,542)</u>
Increase (decrease) in cash and cash equivalents	(166,324)	(36,888)	(203,212)
Cash and cash equivalents at beginning of year	<u>196,335</u>	<u>82,909</u>	<u>279,244</u>
Cash and cash equivalents at end of year	<u>\$ 30,011</u>	<u>\$ 46,021</u>	<u>\$ 76,032</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	<u>\$ (36,609)</u>	<u>\$ (40,815)</u>	<u>\$ (77,424)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	288,730	-	288,730
Change in operating assets and liabilities:			
(Increase) decrease in receivables	-	2,593	2,593
Increase (decrease) in liabilities	<u>1,390</u>	<u>(1,404)</u>	<u>(14)</u>
Total adjustments	<u>290,120</u>	<u>1,189</u>	<u>291,309</u>
Net cash provided by operating income	<u>\$ 253,511</u>	<u>\$ (39,626)</u>	<u>\$ 213,885</u>
Non-cash investing, capital and financing activities:			
Change in fair value of investments	\$ (20,130)	(6,949)	\$ (27,079)

**CITY OF CENTERVILLE  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
DECEMBER 31, 2006**

	Agency Fund Totals
<b>ASSETS</b>	
Pooled cash and cash equivalents	\$ 81,929
Total assets	<u>\$ 81,929</u>
<b>LIABILITIES</b>	
Undistributed monies	<u>\$ 81,929</u>

**CITY OF CENTERVILLE  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Balance at January 1, 2006	Additions	Deductions	Balance at December 31, 2006
<b><u>Agency Fund</u></b>				
<b>ASSETS</b>				
Pooled cash and cash equivalents	\$ 72,130	\$ 137,175	\$ 127,376	\$ 81,929
Total assets	<u>\$ 72,130</u>	<u>\$ 137,175</u>	<u>\$ 127,376</u>	<u>\$ 81,929</u>
<b>LIABILITIES</b>				
Undistributed monies	<u>\$ 72,130</u>	<u>\$ 81,929</u>	<u>\$ 72,130</u>	<u>\$ 81,929</u>

# Statistical Section

# CITY OF CENTERVILLE, OHIO

## Statistical Section December 31, 2006

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.

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#### **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.

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#### **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.

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#### **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.

91 - 92

#### **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.

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**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**

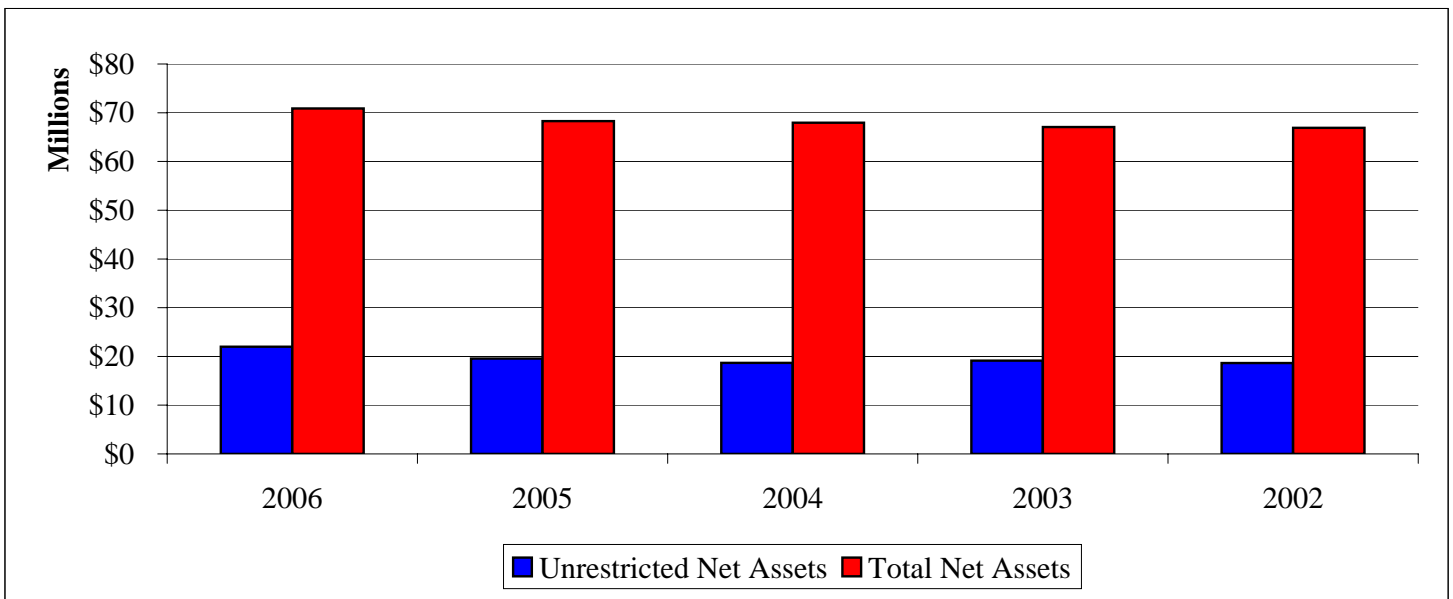
*Schedule 1*

Net Assets by Component

Last Five Years (*accrual basis of accounting*)

	December 31,				
	2006	2005	2004	2003	2002
<b>Governmental activities:</b>					
Invested in capital assets, net of related debt	\$ 15,524,569	\$ 14,775,382	\$ 14,431,202	\$ 12,654,880	\$ 12,070,026
Restricted for:					
Debt service	13,690,958	14,306,322	14,916,292	15,546,088	16,151,025
Other purposes	766,613	603,476	751,436	574,908	585,801
Unrestricted	<u>21,559,415</u>	<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>51,541,555</u>	<u>48,896,940</u>	<u>48,322,941</u>	<u>47,257,612</u>	<u>46,713,909</u>
<b>Business-type activities:</b>					
Invested in capital assets, net of related debt	18,882,237	19,032,210	19,182,647	19,150,434	19,450,350
Unrestricted	<u>439,425</u>	<u>342,297</u>	<u>440,828</u>	<u>656,116</u>	<u>745,395</u>
Total business-type activities net assets	<u>19,321,662</u>	<u>19,374,507</u>	<u>19,623,475</u>	<u>19,806,550</u>	<u>20,195,745</u>
<b>Total</b>					
Invested in capital assets, net of related debt	34,406,806	33,807,592	33,613,849	31,805,314	31,520,376
Restricted for:					
Debt service	13,690,958	14,306,322	14,916,292	15,546,088	16,151,025
Other purposes	766,613	603,476	751,436	574,908	585,801
Unrestricted	<u>21,998,840</u>	<u>19,554,057</u>	<u>18,664,839</u>	<u>19,137,852</u>	<u>18,652,452</u>
Total net assets	<u>\$ 70,863,217</u>	<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 Five Years (*accrual basis of accounting*)

	<b>Year Ended December 31,</b>				
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 4,654,614	\$ 4,874,691	\$ 4,280,576	\$ 5,233,702	\$ 5,711,155
Public safety	5,760,988	5,478,545	5,296,904	5,067,412	6,501,600
Community environment	258,913	236,856	225,372	226,539	230,450
Recreation	460,627	374,091	371,276	337,779	304,430
Transportation	3,515,160	3,331,467	3,158,165	3,132,375	2,904,500
Cost of lots	-	-	-	-	171,111
Interest on long-term debt	1,207,117	1,233,977	1,260,351	1,058,305	1,427,377
Total governmental activities expenses	<u>15,857,419</u>	<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	1,205,575	1,301,490	1,242,631	1,232,981	1,127,309
Golf course operations	4,030,721	3,772,661	3,957,023	3,924,753	3,765,614
Yankee Trace equipment purchase	150,057	127,381	162,761	126,307	113,205
Total business-type activities expenses	<u>5,386,353</u>	<u>5,201,532</u>	<u>5,362,415</u>	<u>5,284,041</u>	<u>5,006,128</u>
 Total expenses	 <u>\$ 21,243,772</u>	 <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	\$ 1,616,115	\$ 1,269,645	\$ 1,085,680	\$ 1,049,807	\$ 2,783,330
Public safety	284,350	257,037	243,912	208,623	328,366
Community environment	-	100	200,857	100,120	27,710
Recreation	215,775	165,080	183,670	122,699	183,936
Transportation	1,151,774	1,225,852	1,145,370	1,076,721	982,373
Total governmental activities program revenues	<u>3,268,014</u>	<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	1,327,914	1,115,830	1,098,132	1,083,707	1,064,883
Golf course operations	3,423,346	3,285,079	3,476,082	3,500,997	3,392,328
Yankee Trace equipment purchase	129,460	129,370	120,200	119,600	94,740
Total business-type activities program revenues	<u>4,880,720</u>	<u>4,530,279</u>	<u>4,694,414</u>	<u>4,704,304</u>	<u>4,551,951</u>
 Total program revenues	 <u>\$ 8,148,734</u>	 <u>\$ 7,447,993</u>	 <u>\$ 7,553,903</u>	 <u>\$ 7,262,274</u>	 <u>\$ 8,857,666</u>



**CITY OF CENTERVILLE, OHIO**

Changes in Net Assets  
Last Five Years

*Schedule 2*  
*(continued)*

	<b>Year Ended December 31,</b>				
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002, as restated</b>
<b>Net (Expense) Revenue</b>					
Governmental activities:					
General government	\$ (3,038,499)	\$ (3,605,046)	\$ (3,194,896)	\$ (4,183,895)	\$ (2,927,825)
Public safety	(5,476,638)	(5,221,508)	(5,052,992)	(4,858,789)	(6,173,234)
Community environment	(258,913)	(236,756)	(24,515)	(126,419)	(202,740)
Recreation	(244,852)	(209,011)	(187,606)	(215,080)	(120,494)
Transportation	(2,363,386)	(2,105,615)	(2,012,795)	(2,055,654)	(1,922,127)
Cost of lots	-	-	-	-	(171,111)
Interest on long-term debt	(1,207,117)	(1,233,977)	(1,260,351)	(1,058,305)	(1,427,377)
Total governmental activities	<u>(12,589,405)</u>	<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	122,339	(185,660)	(144,499)	(149,274)	(62,426)
Golf course operations	(607,375)	(487,582)	(480,941)	(423,756)	(373,286)
Yankee Trace equipment purchase	(20,597)	1,989	(42,561)	(6,707)	(18,465)
Total business-type activities	<u>(505,633)</u>	<u>(671,253)</u>	<u>(668,001)</u>	<u>(579,737)</u>	<u>(454,177)</u>
Total	<u><u>\$(13,095,038)</u></u>	<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	10,173,958	10,166,320	9,590,830	9,236,374	8,879,241
Property taxes	1,412,800	1,219,582	1,135,886	1,284,929	1,091,953
Estate taxes	1,361,063	843,903	983,949	963,872	1,268,383
Grants and contributions not restricted to a specific program	900,997	875,005	870,889	943,425	843,798
Investment earnings	950,724	367,854	546,099	131,640	717,046
Gain on sale/disposal of capital assets	65,752	84,359	58,970	600,529	865,775
Miscellaneous	41,404	38,889	11,861	116,076	120,539
Special item: insurance settlement	777,322	-	-	-	-
Transfers	(450,000)	(410,000)	(400,000)	(235,000)	(183,000)
Total governmental activities	15,234,020	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	20,703	8,961	21,800	4,088	38,766
Gain on sale/disposal of capital assets	(17,915)	3,324	-	(48,546)	52,177
Transfers	450,000	410,000	400,000	235,000	183,000
Total business-type activities	452,788	422,285	484,926	190,542	273,943
Total	<u><u>\$ 15,686,808</u></u>	<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	2,644,615	573,999	1,065,329	543,703	658,827
Business-type activities	(52,845)	(248,968)	(183,075)	(389,195)	(180,234)
Total	<u><u>\$ 2,591,770</u></u>	<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**

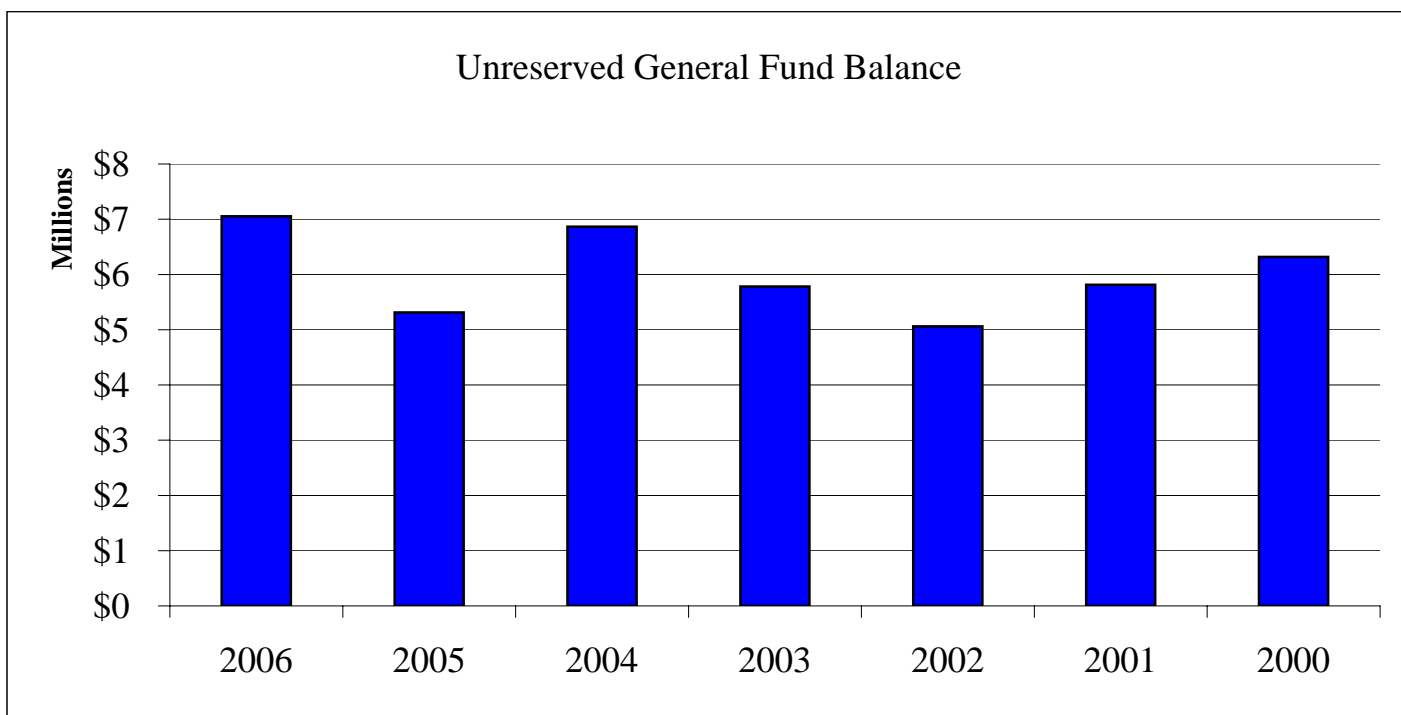
Fund Balances, Governmental Funds

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

	December 31,			
	2006	2005	2004	2003
<b>General Fund</b>				
Reserved for:				
Prepaid items	\$ 84,715	\$ 78,761	\$ 110,501	\$ 173,289
Land held for investments	-	-	-	-
Encumbrances	67,267	176,976	-	75,524
Unreserved	<u>7,051,787</u>	<u>5,312,952</u>	<u>6,864,596</u>	<u>5,780,314</u>
 Total general fund	 <u>\$ 7,203,769</u>	 <u>\$ 5,568,689</u>	 <u>\$ 6,975,097</u>	 <u>\$ 6,029,127</u>

**All Other Governmental Funds**

Reserved for:				
Debt service	\$ 2,685,894	\$ 2,940,581	\$ 3,353,264	\$ 3,811,660
Inventory	81,972	44,028	35,120	56,438
Prepaid items	16,091	15,133	12,619	23,497
Encumbrances	1,307,557	741,090	383,776	1,410,046
Unreserved:				
Designated for capital projects	6,000,000	5,000,000	4,000,000	3,000,000
Undesignated	<u>3,647,799</u>	<u>3,750,913</u>	<u>2,652,125</u>	<u>3,175,673</u>
 Total all other governmental funds	 <u>\$ 13,739,313</u>	 <u>\$ 12,491,745</u>	 <u>\$ 10,436,904</u>	 <u>\$ 11,477,314</u>



*Schedule 3*

<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 156,872	\$ 89,766	\$ 95,201
-	171,111	636,461
232,050	119,715	106,811
<u>5,059,946</u>	<u>5,812,789</u>	<u>6,317,850</u>
<u>\$ 5,448,868</u>	<u>\$ 6,193,381</u>	<u>\$ 7,156,323</u>
\$ 3,026,656	\$ 2,639,475	\$ 2,180,128
58,572	57,528	43,330
22,437	23,599	15,709
1,412,821	1,285,332	5,237,379
2,000,000	1,000,000	-
<u>5,334,571</u>	<u>4,832,889</u>	<u>2,249,795</u>
<u>\$ 11,855,057</u>	<u>\$ 9,838,823</u>	<u>\$ 9,726,341</u>

**CITY OF CENTERVILLE, OHIO**

Changes in Fund Balances, Governmental Funds  
 Last Seven Years (modified accrual basis of accounting)

	<b>Year Ended December 31,</b>			
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Revenues:</b>				
Local taxes	\$ 11,672,492	\$ 11,281,802	\$ 11,898,470	\$ 11,625,368
Intergovernmental revenue	4,069,897	3,230,729	2,329,184	1,940,402
Special assessments	631,384	650,196	637,844	667,587
Charges for services	45,898	42,539	36,621	26,269
Fines, licenses and permits	321,698	263,954	323,679	310,452
Investment income	922,811	368,414	520,173	94,140
Lot sales	25,752	84,359	52,963	646,128
Rent	819,045	829,570	824,160	728,240
Miscellaneous receipts and reimbursements	347,199	256,104	243,138	314,790
<b>Total revenues</b>	<b>18,856,176</b>	<b>17,007,667</b>	<b>16,866,232</b>	<b>16,353,376</b>
<b>Expenditures:</b>				
Current:				
General government	4,525,068	4,622,845	4,174,281	4,675,143
Public safety	5,570,795	5,196,048	5,119,241	4,916,423
Community environment	251,189	222,122	223,763	229,265
Recreation	418,667	323,295	473,920	339,476
Transportation	1,782,635	1,663,746	1,590,739	1,584,698
Cost of lots	-	-	-	-
Capital outlay	1,667,499	2,243,254	2,820,757	2,953,958
Debt service:				
Principal	964,507	970,653	944,382	349,293
Interest and other charges	1,160,490	1,187,271	1,213,589	1,073,865
<b>Total expenditures</b>	<b>16,340,850</b>	<b>16,429,234</b>	<b>16,560,672</b>	<b>16,122,121</b>
Excess (deficiency) of revenues over (under) expenditures	<u>2,515,326</u>	<u>578,433</u>	<u>305,560</u>	<u>231,255</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,525,000	4,500,000	2,350,000	2,600,000
Proceeds from issuance of bonds	-	-	-	206,261
Sale of capital assets	40,000	480,000	-	-
Transfers out	(2,975,000)	(4,910,000)	(2,750,000)	(2,835,000)
<b>Total other financing sources (uses)</b>	<b>(410,000)</b>	<b>70,000</b>	<b>(400,000)</b>	<b>(28,739)</b>
<b>Special Item:</b>				
Insurance settlement	<u>777,322</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 2,882,648</u>	<u>\$ 648,433</u>	<u>\$ (94,440)</u>	<u>\$ 202,516</u>
Debt service as a percentage of noncapital expenditures	16.93%	17.94%	18.63%	12.12%

*Schedule 4*

<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 11,408,207	\$ 11,287,865	\$ 11,275,083
2,560,085	2,441,947	1,946,156
657,154	611,861	531,738
44,870	30,925	37,131
288,950	320,574	323,793
717,045	562,189	992,481
865,775	1,091,792	1,519,020
592,902	592,100	590,700
<u>325,012</u>	<u>446,001</u>	<u>188,252</u>
17,460,000	17,385,254	17,404,354
4,261,860	4,196,468	3,739,545
4,736,661	4,288,344	3,935,400
228,481	222,035	203,051
353,670	360,426	347,284
1,458,064	1,346,245	1,356,198
171,111	465,350	760,450
3,427,992	9,791,204	5,103,291
588,464	522,787	1,665,399
<u>1,428,976</u>	<u>1,241,855</u>	<u>1,356,429</u>
16,655,279	22,434,714	18,467,047
<u>804,721</u>	<u>(5,049,460)</u>	<u>(1,062,693)</u>
5,374,093	5,619,155	4,555,536
650,000	4,405,000	1,136,500
-	-	-
<u>(5,557,093)</u>	<u>(5,825,155)</u>	<u>(4,555,536)</u>
<u>467,000</u>	<u>4,199,000</u>	<u>1,136,500</u>
-	-	-
<u>\$ 1,271,721</u>	<u>\$ (850,460)</u>	<u>\$ 73,807</u>
18.28%	16.95%	31.54%

**CITY OF CENTERVILLE, OHIO**

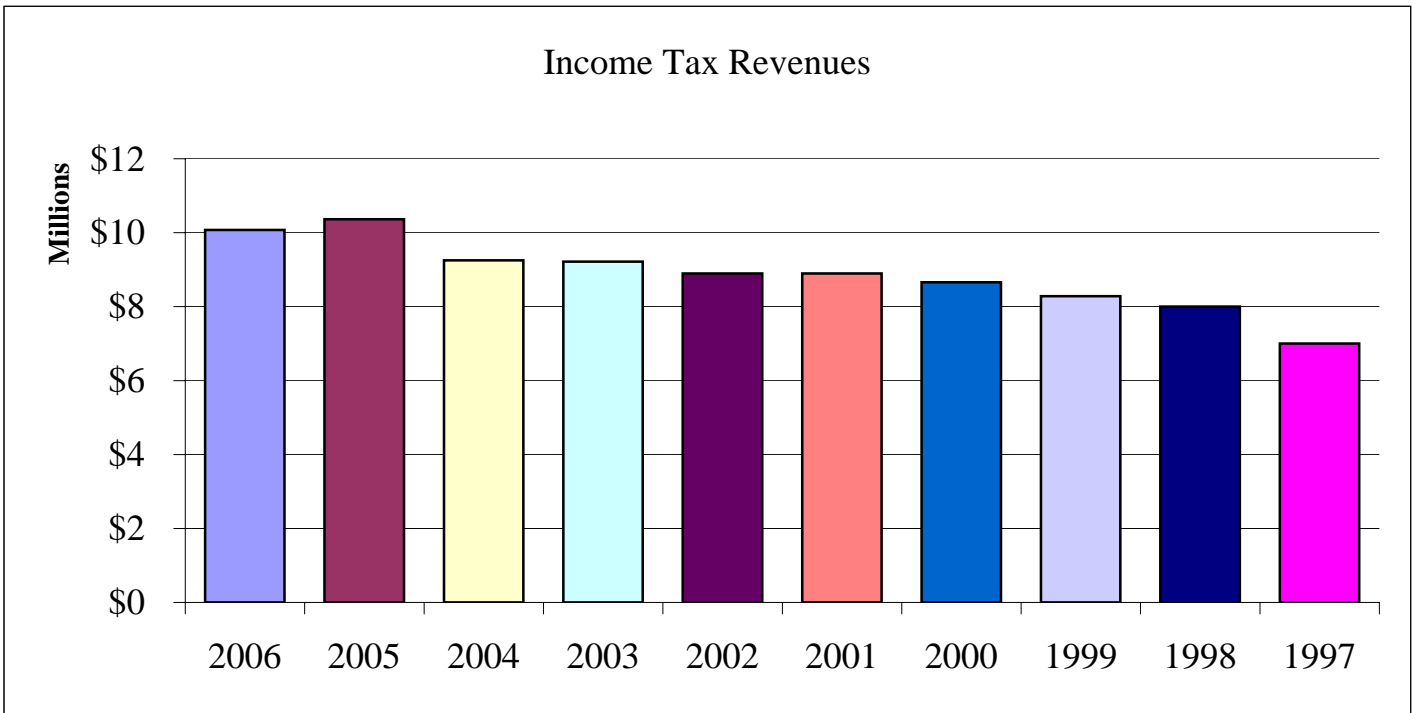
*Schedule 5*

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			
2006	\$ 6,835,183	\$ 2,012,139	\$ 1,226,857	\$ 10,074,179	1.75%
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%

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 Six Years Ago (*cash basis of accounting*)

2006		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:

21.53%

Combined percentage of total income taxes:

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

	2006	2005	2004
General Obligation Bonds	\$ 16,910,000	\$ 17,665,000	\$ 18,405,000
Special Assessment Bonds	\$ 7,187,000	\$ 7,391,000	\$ 7,586,000
Total Outstanding Bonds	\$ 24,097,000	\$ 25,056,000	\$ 25,991,000
Percent of personal income	3.44%	3.58%	3.72%
Per capita	\$1,040	\$1,082	\$1,124
<hr/>			
Assessed value of taxable property (1)	\$ 640,660,845	\$ 594,051,037	\$ 572,029,090
General Obligation Bonds as a percentage of total assessed value of taxable property	2.64%	2.97%	3.22%
Population (2)	23,162	23,162	23,122
General Obligation Bonds per capita	\$730	\$763	\$796
<hr/>			
Total Outstanding Bonds	\$ 24,097,000	\$ 25,056,000	\$ 25,991,000
Less debt not subject to limitation:			
Bonds issued in anticipation of the collection of special assessments	\$ (7,187,000)	\$ (7,391,000)	\$ (7,586,000)
Bonds issued in anticipation of the collection of municipal income tax	<u>\$ (16,910,000)</u>	<u>\$ (17,665,000)</u>	<u>\$ (18,405,000)</u>
Net debt subject to 10-1/2% limitation (3)	\$0	\$0	\$0
Voted and Unvoted Debt Limit			
- 10-1/2% of assessed value	\$ 67,269,389	\$ 62,375,359	\$ 60,063,054
Legal Debt Margin within 10-1/2% limitation	<u>\$ 67,269,389</u>	<u>\$ 62,375,359</u>	<u>\$ 60,063,054</u>
Net debt subject to 5-1/2% limitation (4)	\$0	\$0	\$0
Unvoted Debt Limit - 5-1/2% of assessed value	\$ 35,236,346	\$ 32,672,807	\$ 31,461,600
Legal Debt Margin within 5-1/2% limitation	<u>\$ 35,236,346</u>	<u>\$ 32,672,807</u>	<u>\$ 31,461,600</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.



2003	2002	2001	2000	1999	1998	1997
\$ 19,125,000	\$ 17,970,000	\$ 18,365,000	\$ 15,450,000	\$ 15,795,000	\$ 16,135,000	\$ 16,555,000
\$ 7,776,000	\$ 7,951,000	\$ 7,460,000	\$ 6,601,000	\$ 5,605,000	\$ 4,126,000	\$ 1,755,000
\$ 26,901,000	\$ 25,921,000	\$ 25,825,000	\$ 22,051,000	\$ 21,400,000	\$ 20,261,000	\$ 18,310,000
3.86%	3.72%	3.71%	3.17%	3.36%	3.18%	2.87%
\$1,165	\$1,125	\$1,122	\$958	\$1,015	\$961	\$869
<hr/>						
\$ 560,038,783	\$ 501,634,521	\$ 494,333,152	\$ 486,885,446	\$ 460,641,652	\$ 441,099,061	\$ 428,659,127
3.41%	3.58%	3.72%	3.17%	3.43%	3.66%	3.86%
23,092	23,045	23,025	23,024	21,082	21,082	21,082
\$828	\$780	\$798	\$671	\$749	\$765	\$785
<hr/>						
\$ 26,901,000	\$ 25,921,000	\$ 25,825,000	\$ 22,051,000	\$ 21,400,000	\$ 20,261,000	\$ 18,310,000
\$ (7,776,000)	\$ (7,951,000)	\$ (7,460,000)	\$ (6,601,000)	\$ (5,605,000)	\$ (4,126,000)	\$ (1,755,000)
<u>\$ (19,125,000)</u>	<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>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$ 58,804,072	\$ 52,671,625	\$ 51,904,981	\$ 51,122,972	\$ 48,367,373	\$ 46,315,401	\$ 45,009,208
<u>\$ 58,804,072</u>	<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>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$ 30,802,133	\$ 27,589,899	\$ 27,188,323	\$ 26,778,700	\$ 25,335,291	\$ 24,260,448	\$ 23,576,252
<u>\$ 30,802,133</u>	<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>

**CITY OF CENTERVILLE, OHIO**  
 Computation of Direct and Overlapping  
 General Obligation Debt  
 December 31, 2006

*Schedule 8*

Jurisdiction	Net Debt Outstanding	Percentage Applicable To City	Amount Applicable To City of Centerville
<b>Direct:</b>			
City of Centerville	\$ 16,910,000	100.00%	\$ 16,910,000
<b>Overlapping:</b>			
Centerville City School District	73,520,000	38.50%	28,305,200
Washington Township Park District	1,812,500	38.55%	698,719
Montgomery County	29,277,347	5.91%	1,730,291
Miami Valley Regional Transit Authority	7,230,000	5.91%	<u>427,293</u>
		Subtotal - Overlapping	31,161,503
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 48,071,503</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)
2006	23,162	\$ 30,210	\$ 699,724,020	8,197	5.80%	\$ 640,660,845
2005	23,162	\$ 30,210	\$ 699,724,020	8,170	5.60%	\$ 594,051,037
2004	23,122	\$ 30,210	\$ 698,515,620	8,156	6.30%	\$ 572,029,090
2003	23,092	\$ 30,210	\$ 697,609,320	8,055	5.80%	\$ 560,038,783
2002	23,045	\$ 30,210	\$ 696,189,450	7,821	5.70%	\$ 501,634,521
2001	23,025	\$ 30,210	\$ 695,585,250	7,419	5.20%	\$ 494,333,152
2000	23,024	\$ 30,210	\$ 695,555,040	7,446	3.40%	\$ 486,885,446
1999	21,082	\$ 30,210	\$ 636,887,220	7,371	3.40%	\$ 460,641,652
1998	21,082	\$ 30,210	\$ 636,887,220	7,295	3.40%	\$ 441,099,061
1997	21,082	\$ 30,210	\$ 636,887,220	7,221	3.50%	\$ 428,659,127

- 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 (rate for December of each year)
- (4) Montgomery County Auditor

**CITY OF CENTERVILLE, OHIO**

*Schedule 10*

Principal Employers  
Current Year and Two Years Ago

Employer	2006		2002	
	Approximate Number of Employees	Rank	Approximate Number of Employees	Rank
Centerville Board of Education	1,270	1	750	1
Graceworks Lutheran Services <sup>(1)</sup>	620	2	539	2
Franciscan at St. Leonard	365	3	349	3
City of Centerville	250	4	261	4
Kroger	230	5	215	5
Heartland Employment <sup>(2)</sup>	-	-	200	6
Voss Auto Network <sup>(3)</sup>	195	6	180	7
RETS Tech Center	171	7	-	-
Bob Ross Buick	140	8	136	9
Dimco Gray	85	9	145	8
Elder Beerman Department Stores	-	-	130	10

Source: City of Centerville

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.

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

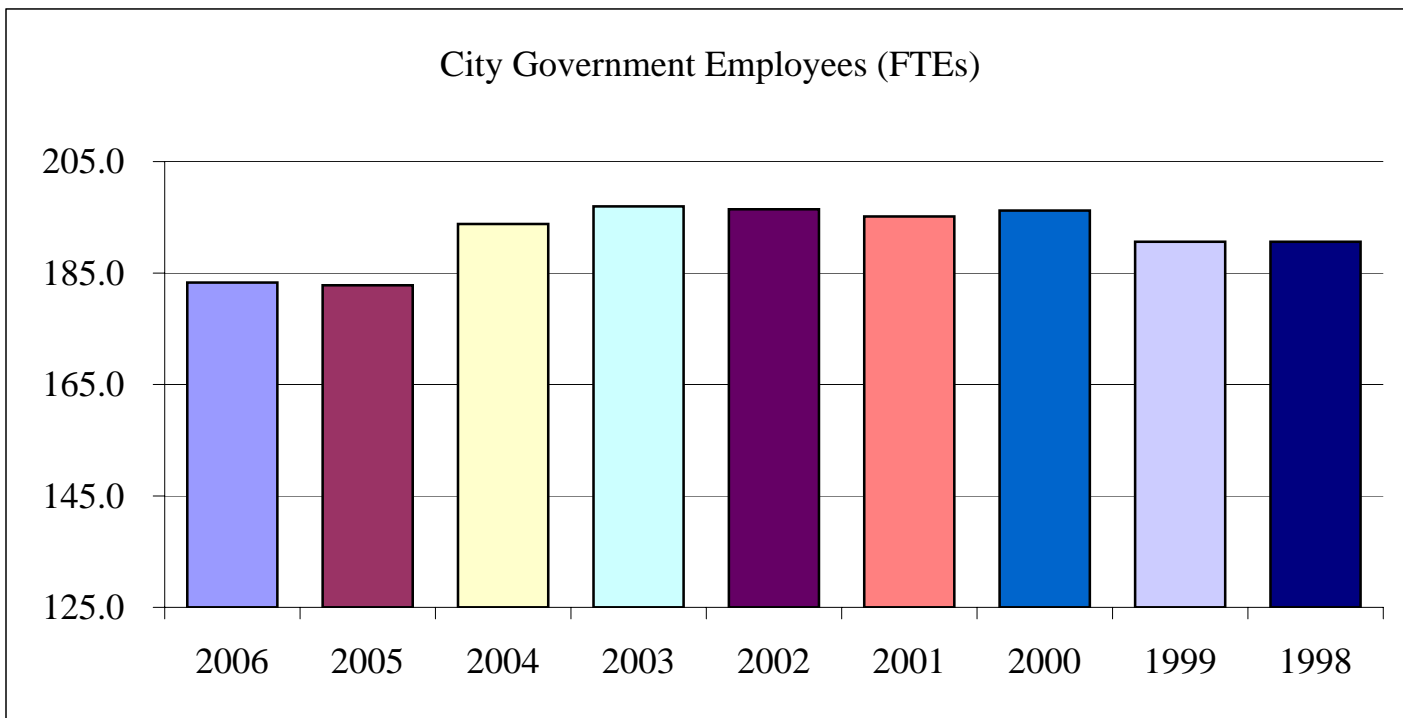
<sup>(2)</sup> Heartland Employment left the City in 2005.

**CITY OF CENTERVILLE, OHIO**

City Government Employees by Function (*full-time equivalents*)  
Last Nine Years

<u>Function</u>	<u>2006</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	30.75	31.55	30.55	30.45	29.80	29.35	31.70	31.60	34.10
Public safety	56.60	56.00	56.25	56.25	55.75	54.50	54.50	52.00	48.00
Community environment	3.60	3.75	3.75	3.75	4.00	4.00	4.00	4.00	4.00
Recreation	3.25	3.00	4.00	4.00	3.90	3.80	3.50	3.50	3.50
Transportation	21.00	21.00	21.75	25.00	25.00	25.00	25.00	23.00	23.00
Waste collection	12.00	12.00	13.00	13.00	13.00	13.00	12.00	12.00	12.00
Golf course operations	<u>56.10</u>	<u>55.50</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>183.30</u>	<u>182.80</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>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
<b>General Government</b>							
Purchase orders issued	2,450	2,357	2,499	2,462	2,214	1,114	871
Payroll checks/direct deposits issued	6,140	6,030	6,285	6,457	6,120	6,086	6,212
Accounts payable checks issued	6,348	6,731	6,183	6,349	6,786	7,020	6,991
Ordinances and resolutions passed	93	92	80	101	84	140	98
Number of volunteer hours	10,000	11,428	11,664	10,354	10,871	10,512	9,285
<b>Public Safety</b>							
Total arrests	1,677	1,569	1,646	1,390	1,508	1,275	1,473
Traffic citations <sup>(1)</sup>	3,800	3,560	4,037	3,121	9,347	8,200	7,629
<b>Public Works</b>							
Miles of street	107	105	105	104	101	98	96
Tons of road salt used	1,000	1,849	1,775	3,179	1,269	583	2,700
<b>Building Inspection</b>							
Building permits issued	1,380	1,453	1,941	2,128	1,844	1,863	1,743
Electrical permits issued	275	266	376	406	346	403	351
Residential unit permits issued	47	71	122	146	97	103	98
<b>Waste Collection</b>							
Tons collected	7,300	7,197	7,317	7,406	6,978	6,941	6,565
Recyclable tons, including cardboard	885	885	851	887	795	809	766
Newspaper tons	722	716	697	706	687	630	601
<b>Golf Course Operations</b>							
Rounds of golf	48,647	45,613	46,863	43,627	36,719	35,470	33,161
Rounds of golf - cart usage	35,999	29,462	28,043	24,323	23,409	22,262	21,713
Gallons of water used (thousands)	20,000	26,630	24,570	25,280	28,175	30,125	33,250
<b>Food Service Operations</b>							
Wedding receptions hosted	39	42	36	37	41	34	46
Other banquet functions hosted	554	539	483	544	535	514	530

Source: City of Centerville, Ohio, Appropriation Budgets for applicable years. Actual statistics for 1997-2005.  
 Estimated statistics for 2006.

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

(2) Data unavailable.

*Schedule 12*

<u>1999</u>	<u>1998</u>	<u>1997</u>
610	492	309
6,639	6,183	6,131
7,050	6,920	6,769
106	99	122
7,315	7,295	7,400
1,228	1,364	1,254
4,653	4,999	5,111
96	94	92
1,494	666	1,303
1,553	1,880	1,739
301	360	355
77	99	94
6,640	7,011	7,180
530	336	319
550	548	462
39,056	37,490	35,198
28,200	26,541	24,385
36,150	36,050	35,000
49	43	44
503	503	509

**CITY OF CENTERVILLE, OHIO**

Capital Asset and Infrastructure Statistics by Function/Program  
Last Ten Years

<u>Function/program</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</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	1	(a)
Square Footage	38,458	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	107	105	105	104	101	98	96
Lane miles of street	242	238	238	236	227	223	(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	27	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>1999</u>	<u>1998</u>	<u>1997</u>
1 17,123	1 17,123	1 17,123
(a)	(a)	(a)
1 17,541 96 (b)	1 17,541 94 (b)	1 17,541 92 (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





**Mary Taylor, CPA**  
Auditor of State

**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  
JUNE 26, 2007**