



Comprehensive Annual Financial Report

for the fiscal year ended
December 31, 2011



Dave Yost • Auditor of State

Members of Council
City of Centerville
100 West Spring Valley Road
Centerville, OH 45458

We have reviewed the *Independent Auditor's Report* of the City of Centerville, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2011 through December 31, 2011. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 13, 2012



City of Centerville, Ohio
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2011

Prepared by:
Department of Finance
Steven A. Hinshaw, Ph.D., Director

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Introductory Section





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

May 15, 2012

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, 2011 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 has been 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 with it.

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 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 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 23,999 according to the U.S. Census Bureau's 2010 decennial census estimate and is home to over 700 businesses. The City continues to see slowing growth in residential development and accelerated business development activity. 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 938 residential units.

The City remains fiscally strong even in the face of significant local government funding reductions adopted by the state legislature. 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 growing regional hospital and medical center, several auto dealerships and small manufacturers.

In 2011, the City continued to witness a commercial development market focused both on new development, but also a sizeable reinvestment in existing facilities. Miami Valley Hospital South completed its second phase of development with the construction of a new 225,000+/- square foot patient bed tower and maternity services center on its 150 acre campus. Work has also begun on the construction of a new 100,000+/- square foot cancer treatment center, as well. The Kroger Company completed construction of a new 134,000 square foot Kroger Marketplace on the site of the former Elder-Beerman department store along the City's southern commercial corridor. St. Leonard retirement community completed its expansion project which consists of a new wellness center, a new independent living facility, and a major expansion of its existing nursing care operation.

The City's Community Reinvestment Area (CRA) provides an incentive for property owners and developers to reinvest in the City by granting a temporary property tax abatement on the increase in value that results from the renovation or expansion of existing buildings and the construction of new structures. The CRA program signals a focus on fostering reinvestment in developed areas of our city and promoting the long-term health of our residential neighborhoods and business community.

Looking toward the future, the City is poised to sustain and likely increase its 2011 level of commercial development and redevelopment. Through its *BusinessFirst!* program, Centerville continues to take progressive strides toward helping its existing business community grow even in tough economic times. In 2011, the City partnered with local, regional, and state-level resource partners to assist existing businesses in the City retain jobs, optimize operations, retrain workers, and add new jobs to the local economy. Those efforts resulted in local businesses obtaining tax credits from the State of Ohio, grants through the Dayton Development Coalition's Entrepreneurial Signature Program, grants from the State of Ohio 3rd Frontier Program, and grants from the Centerville Property Investment Reimbursement program. Also businesses received financing for job creation through the Ohio Department of Development, CountyCorp, and other economic development financing agencies with which the City maintains a strong relationship. In addition, the City continues to foster the steady development of the recently annexed area of Greene County into a premier office park and mixed-use development; creating new jobs, broadening the City's tax base, and creating business and redevelopment synergies that will ripple throughout the area.

Major Initiatives

- The municipal income tax rate remained at 1.75% for the 30th consecutive year. And, the municipal property tax rate remained at its lowest rate for the 33rd consecutive year.
- The City maintained its municipal bond rating of Aa2 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 selected as the Dayton area's favorite golf course in 2011 by the Dayton Daily News People's Choice Awards. In 2011 Yankee Trace recorded over 46,000 rounds of golf despite difficult economic and weather conditions.

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 Plattenburg & Associates, Inc. to perform the 2011 audit of the City. Plattenburg & Associates, Inc. issued an unqualified ("clean") opinion on the City of Centerville's financial statements for the year ended December 31, 2011. 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, 2010. This was the 11th 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

Sincere appreciation is extended to the many people who have contributed their time and effort to prepare this report. The members of the Finance Department, particularly Elizabeth Ward and Jonathan Hudson, are to be especially commended for their input and commitment. And, 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

Steven A. Hinshaw

Steven A. Hinshaw
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, 2010

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.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

City of Centerville, Ohio
List of Elected and Appointed Officials
as of December 31, 2011

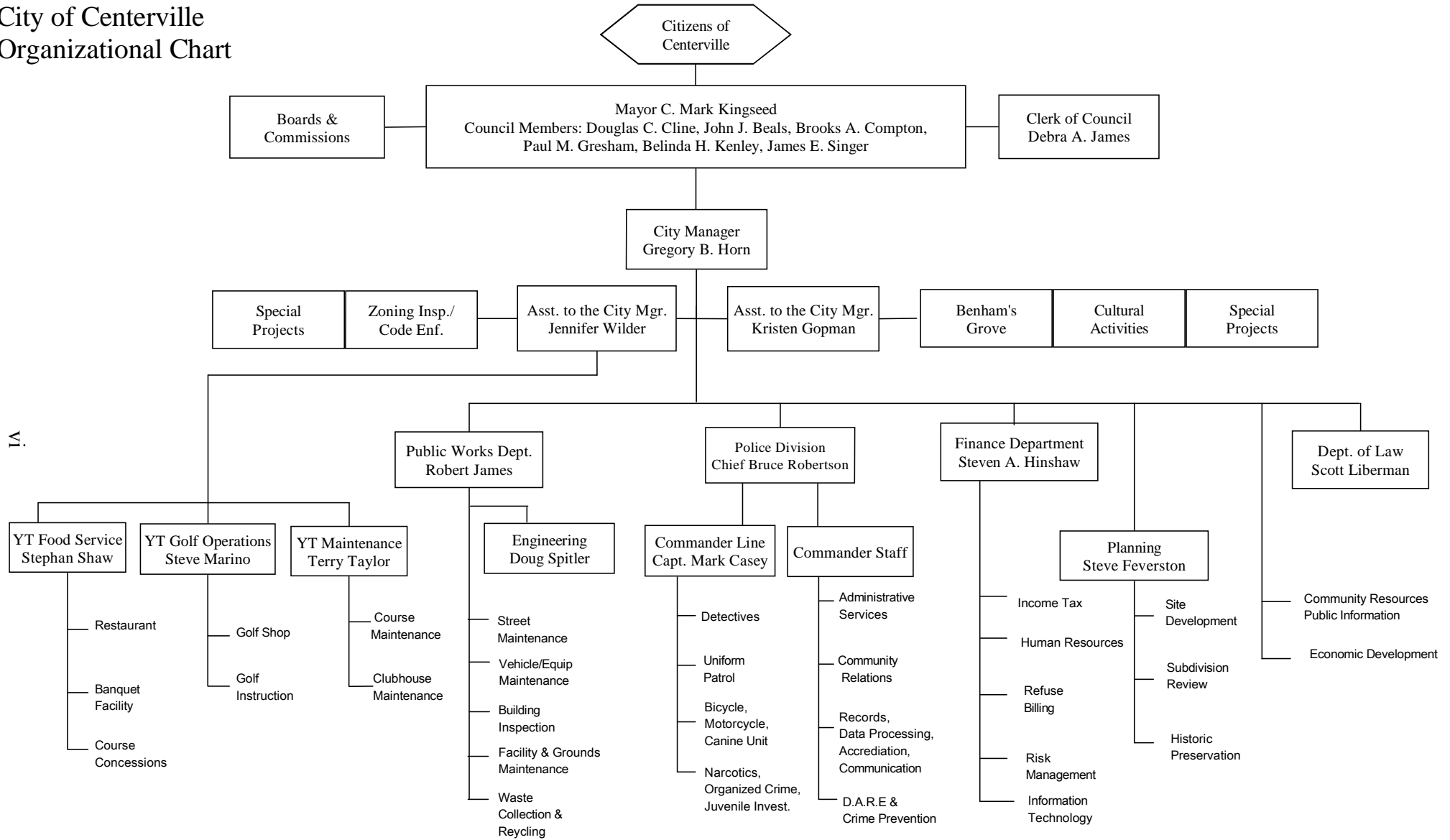
ELECTED OFFICIALS

Mayor and Councilmember	C. Mark Kingseed
Deputy Mayor and Councilmember.....	Douglas C. Cline
Councilmember.....	James E. Singer
Councilmember.....	Paul M. Gresham
Councilmember.....	Brooks A. Compton
Councilmember.....	John J. Beals
Councilmember.....	Belinda S. Kenley

APPOINTED OFFICIALS

City Manager	Gregory B. Horn
Clerk of Council.....	Debra A. James
Municipal Attorney	Scott A. Liberman
Chief of Police	Bruce P. Robertson
Finance Director.....	Steven A. Hinshaw
Public Works Director	Robert A. James
City Engineer	K. Douglas Spittler
City Planner	Steve A. Feverston
Economic Development Administrator	Nathan E. Cahall
Information Technology Manager	Scott R. Ontjes
Head Golf Professional	Steven T. Marino
Golf Maintenance Superintendent	Terry L. Taylor
Director of Food Service.....	Stephan L. Shaw
Human Resources Manager	Ginger A. Yonak
Assistant to the City Manager.....	Jennifer S. Wilder
Assistant to the City Manager.....	Kristen P. Gopman

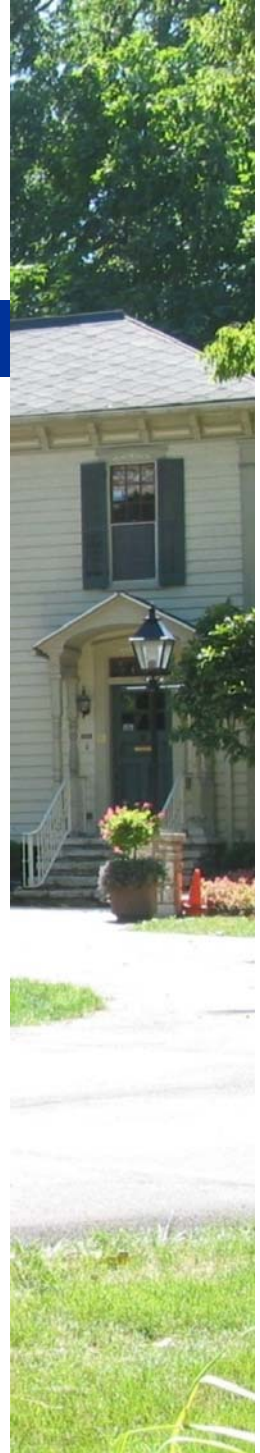
City of Centerville Organizational Chart



IA.



Financial Section



INDEPENDENT AUDITOR'S 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 (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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, as of December 31, 2011, 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.

As described in Note 11 to the financial statements, during the year ended December 31, 2011, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*".

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
May 15, 2012

City of Centerville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2011
(Unaudited)

The City of Centerville's (City) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ending December 31, 2011. Readers should consider the information presented here in conjunction with additional information that has been furnished in the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the City's fiscal performance.

Financial Highlights

- The assets of the City exceeded its liabilities by \$79.2 million as of December 31, 2011. Of this amount, \$15.6 million (unrestricted net assets) may be used to meet the City's ongoing obligations.
- The net assets of the City increased by \$2.1 million during 2011, the most recent fiscal year. Net assets of the City's governmental activities increased \$0.2 million or 0.3%. And, net assets of the City's business-type activities increased \$1.9 million or 23.7%.
- As of December 31, 2011, the City's governmental funds report combined ending fund balances of \$17.8 million. Over 72% or \$12.9 million of this fund balance is available for spending at the City's discretion (unassigned).

Overview of the Financial Statements

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Government-wide Financial Statements

The analysis of the City as a whole begins with the Government-wide Financial Statements. These reports provide information that will help the reader to determine if the City of Centerville is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes to those assets. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well being. Some of these factors include the City's tax base and the condition of capital assets.

City of Centerville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2011
(Unaudited)

In the Government-wide Financial Statements, the City is divided into two kinds of activities.

- **Governmental Activities** - Most of the City's services are reported here including police, street maintenance, parks and recreation, and general administration. Income taxes, property taxes, intergovernmental revenue, charges for services, and interest finance most of these activities.
- **Business-Type Activities** - These services include waste collection and golf course operations. Service fees for these operations are charged based upon the amount of usage or a usage fee. The intent is that the fees charged recoup operational costs.

Fund Financial Statements

Information about the City's major funds is presented in the Fund Financial Statements (see table of contents). Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the City, with approval of council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City's major funds are General, Street Construction and Maintenance, Special Assessment Debt Retirement, Waste Collection, and Golf Course.

Governmental Funds

Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

When the City charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds

The City is the fiscal agent for one agency fund. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Statement of Changes in Assets and Liabilities. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

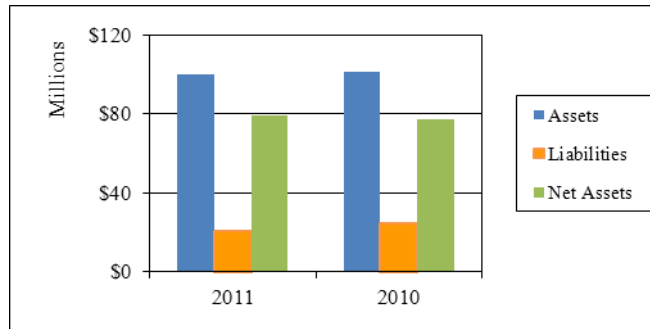
City of Centerville, Ohio
 Management's Discussion and Analysis
 For the Fiscal Year Ended December 31, 2011
 (Unaudited)

Government-wide Financial Analysis

As stated previously, the Statement of 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 \$79.2 million as of December 31, 2011. Table 1 presents a summary of the City's net assets for 2011 compared to 2010.

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Assets:</u>						
Current and other assets	\$33,415,340	\$32,837,796	\$1,209,394	\$2,346,672	\$34,624,734	\$35,184,468
Capital assets	<u>46,638,605</u>	<u>47,833,834</u>	<u>18,523,078</u>	<u>18,639,013</u>	<u>65,161,683</u>	<u>66,472,847</u>
Total Assets	<u>80,053,945</u>	<u>80,671,630</u>	<u>19,732,472</u>	<u>20,985,685</u>	<u>99,786,417</u>	<u>101,657,315</u>
<u>Liabilities:</u>						
Long-term liabilities	8,081,287	8,488,573	9,355,845	12,530,463	17,437,132	21,019,036
Other liabilities	<u>2,576,223</u>	<u>2,988,157</u>	<u>599,700</u>	<u>548,661</u>	<u>3,175,923</u>	<u>3,536,818</u>
Total Liabilities	<u>10,657,510</u>	<u>11,476,730</u>	<u>9,955,545</u>	<u>13,079,124</u>	<u>20,613,055</u>	<u>24,555,854</u>
<u>Net Assets:</u>						
Invested in capital assets, net of debt	39,255,568	40,098,262	9,252,994	6,192,798	48,508,562	46,291,060
Restricted	14,697,393	15,273,979	319,734	1,291,866	15,017,127	16,565,845
Unrestricted	<u>15,443,474</u>	<u>13,822,659</u>	<u>204,199</u>	<u>421,897</u>	<u>15,647,673</u>	<u>14,244,556</u>
Total net assets	<u>\$69,396,435</u>	<u>\$69,194,900</u>	<u>\$9,776,927</u>	<u>\$7,906,561</u>	<u>\$79,173,362</u>	<u>\$77,101,461</u>



In total, net assets increased from \$77.1 million to \$79.1 million in 2011. Unrestricted net assets, which are available for future use as directed by City Council, increased \$1.4 million or 9.9%. Unrestricted net assets of the City's governmental activities increased \$1.6 million and unrestricted net assets of the business-type activities decreased \$0.2 million.

Restricted net assets are subject to external restrictions as to their use. This category decreased approximately \$1.5 million from \$16.5 million at December 31, 2010 to \$15.0 million at December 31, 2011. This decrease in restricted net assets was due primarily to the defeasance of available Golf Course debt.

City of Centerville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2011
(Unaudited)

Table 2 presents the changes in net assets for the year ended December 31, 2011.

Table 2
Changes in Net Assets

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program Revenues:						
Charges for Services	\$750,459	\$547,198	\$4,784,805	\$4,996,673	\$5,535,264	\$5,543,871
Operating Grants and Contributions	1,339,391	1,802,577	17,800	0	1,357,191	1,802,577
Capital Grants and Contributions	<u>722,417</u>	<u>903,347</u>	<u>0</u>	<u>0</u>	<u>722,417</u>	<u>903,347</u>
Total Program Revenues	<u>2,812,267</u>	<u>3,253,122</u>	<u>4,802,605</u>	<u>4,996,673</u>	<u>7,614,872</u>	<u>8,249,795</u>
General Revenues:						
Income Taxes	12,109,247	11,044,385	0	0	12,109,247	11,044,385
Property Taxes	1,552,250	1,375,916	0	0	1,552,250	1,375,916
Grants and Entitlements	2,499,558	3,207,868	0	0	2,499,558	3,207,868
Investment Earnings	169,851	142,867	0	27,234	169,851	170,101
Other Revenues	<u>350,675</u>	<u>137,595</u>	<u>20,292</u>	<u>6,436</u>	<u>370,967</u>	<u>144,031</u>
Total General Revenues	<u>16,681,581</u>	<u>15,908,631</u>	<u>20,292</u>	<u>33,670</u>	<u>16,701,873</u>	<u>15,942,301</u>
Total Revenues	<u>19,493,848</u>	<u>19,161,753</u>	<u>4,822,897</u>	<u>5,030,343</u>	<u>24,316,745</u>	<u>24,192,096</u>
Expenses						
Program Expenses:						
General Government	4,920,870	4,527,738	0	0	4,920,870	4,527,738
Public Safety	6,814,464	6,453,724	0	0	6,814,464	6,453,724
Community Environment	264,650	311,971	0	0	264,650	311,971
Recreation	308,379	305,028	0	0	308,379	305,028
Transportation	4,233,694	4,605,022	0	0	4,233,694	4,605,022
Interest and Other Charges	386,256	404,629	0	0	386,256	404,629
Waste Collection	0	0	1,634,734	1,373,087	1,634,734	1,373,087
Golf Course	<u>0</u>	<u>0</u>	<u>3,681,797</u>	<u>3,878,151</u>	<u>3,681,797</u>	<u>3,878,151</u>
Total Program Expenses	<u>16,928,313</u>	<u>16,608,092</u>	<u>5,316,531</u>	<u>5,251,238</u>	<u>22,244,844</u>	<u>21,859,330</u>
Increase (Decrease) in Net Assets						
before transfers	2,565,535	2,553,661	(493,634)	(220,895)	2,071,901	2,332,766
Transfers – Internal Activities	<u>(2,364,000)</u>	<u>(1,384,000)</u>	<u>2,364,000</u>	<u>1,384,000</u>	<u>0</u>	<u>0</u>
Change in net assets	201,535	1,169,661	1,870,366	1,163,105	2,071,901	2,332,766
Net Assets Beginning of Year	<u>69,194,900</u>	<u>68,025,239</u>	<u>7,906,561</u>	<u>6,743,456</u>	<u>77,101,461</u>	<u>74,768,695</u>
Net Assets End of Year	<u>\$69,396,435</u>	<u>\$69,194,900</u>	<u>\$9,776,927</u>	<u>\$7,906,561</u>	<u>\$79,173,362</u>	<u>\$77,101,461</u>

The change in net assets was an increase of \$2.1 million for the year ended December 31, 2011 as compared to an increase of \$2.3 million the prior year. Total revenues decreased \$0.1 million or 0.5%. Total expenses increased \$0.1 million or 0.6%.

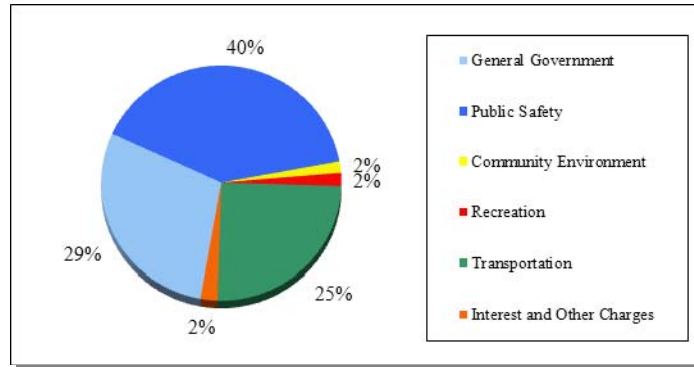
Total revenues for governmental activities increased 0.4%. Income taxes, the largest governmental activities revenue source, increased 9.6% from 2010. The decreased revenue was in grants and entitlements primarily from a federal road project received in 2010.

City of Centerville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2011
(Unaudited)

Governmental Activities

The 1.75% income tax is the largest source of revenue for the City. Revenues generated by the earnings tax represent approximately 74% of the City's governmental activities general revenues.

Governmental Activities Program Expenses for 2011	
	<u>Percent</u>
General Government	29.1%
Public Safety	40.2%
Community Environment	1.6%
Recreation	1.8%
Transportation	25.0%
Interest and Other Charges	2.3%
Total	100.00%



Public safety, consisting of the police division, comprises over 40% of governmental activities' expenses. Transportation, which consists of street repair and maintenance activities, accounts for over 25% of expenses. General government, consisting of the departments such as: city management, finance, planning, clerk department accounts for over 29% of expenses.

Business-Type Activities

Business-type activities, includes the waste collection and the golf course fund. These programs had operating revenues of \$4,805,097 and operating expenses of \$4,700,808 for fiscal year 2011. Business activities receive no support from tax revenues. The business activities net assets at the end of the year was \$9,729,066, which increased \$1,861,523 from 2010 (not including internal service allocated to business-type activities). The waste collection fund had operating loss of \$295,057 for 2011. The golf course fund saw an increase in net assets of more than 28%.

Financial Analysis of the City's Funds

The City has three major governmental funds: the General Fund, Street Construction and Maintenance Fund, and Special Assessment Debt Retirement Fund. Assets of the general fund comprised \$17,345,890 (53%), street construction and maintenance fund comprised \$790,052 (2%), and the special assessment debt retirement fund comprised \$10,674,442 (33%) of the total \$32,555,253 governmental funds assets.

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 \$0.7 million for the year ended December 31, 2011. General fund revenues were \$0.9 million higher than 2010.

The Street Construction and Maintenance Fund is used to account for the general maintenance and upkeep of City streets, roads, bridges, park areas, and greenways that include snow and ice control, street repair, ditch and catch basin cleaning and maintenance, and leaf pickup. Primarily funded with a transfer from the General Fund, the fund balance remains relatively stable from year to 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.

City of Centerville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2011
(Unaudited)

General Fund Budgeting Highlights

General fund appropriations were increased only slightly (+1.1%) during 2011 and were budgeted below estimated revenue. Actual expenditures were \$946,864 less than the final appropriations. Typically, the City has not decreased appropriations when the entire budget will not be spent. In 2011, several employment positions were budgeted, but not filled. In addition, actual revenues exceeded budgetary estimates by \$1,318,552. This excess revenue was mostly due to increased income tax revenue.

Capital Asset and Debt Administration

The governmental activities capital assets for 2011 ended with total net capital assets of \$46,638,605. Of this total, \$4,379,246 was not being depreciated and the capital assets being depreciated totaled \$74,218,728 with accumulated depreciation of \$31,959,369. The business-type activities capital assets for 2011 ended with total net capital assets of \$18,523,078. Of this total, \$15,166,876 was not being depreciated and the capital assets being depreciated totaled \$6,260,229 with accumulated depreciation of \$2,904,027.

The City issued no new debt in the current year. At December 31, 2011, the City had various debt issues outstanding, which included \$9,829,818 of general obligation bonds, \$6,105,000 of special assessment debt, and \$718,303 of promissory notes. As of December 31, 2011, the City's net general obligation bonded debt of \$718,303 was well below the legal limit of \$68,303,535 and debt per capita equaled \$432. Additionally, the City's rating remained at "Aa2" from Moody's Investors Service.

For more detail on capital asset and long-term debt activity, please refer to note 4 and note 9 respectively in the Notes to the Basic Financial Statements.

Economic Factors

The City is currently in a strong financial position, yet the City realizes it is not immune to economic conditions that have negatively affected many public and private entities in the region. The City's efforts to hold the line on expenditures throughout the last several years, coupled with a conservative approach to maintaining but right-sizing staffing levels, have resulted in a relatively stable financial position for our community.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions or need additional financial information, please contact Steven A. Hinshaw, Ph.D., Finance Director, City of Centerville, 100 West Spring Valley Road, Centerville, Ohio 45458.

City of Centerville, Ohio
Statement of Net Assets
December 31, 2011

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$16,550,984	\$906,448	\$17,457,432
Receivables (Net):			
Taxes	4,624,728	0	4,624,728
Accounts	24,894	79,337	104,231
Interest	36,029	0	36,029
Intergovernmental	1,620,196	0	1,620,196
Special Assessments	10,367,605	0	10,367,605
Internal Balances	1,110	(1,110)	0
Inventory	80,726	112,670	193,396
Bond Issuance Costs	5,796	98,561	104,357
Prepaid Items	103,272	13,488	116,760
Nondepreciable Capital Assets	4,379,246	15,166,876	19,546,122
Depreciable Capital Assets, Net	42,259,359	3,356,202	45,615,561
Total Assets	80,053,945	19,732,472	99,786,417
Liabilities:			
Accounts Payable	168,335	77,880	246,215
Accrued Liabilities	595,326	74,233	669,559
Contracts Payable	133,827	0	133,827
Accrued Interest Payable	33,471	38,169	71,640
Unearned Revenue	1,645,264	260,536	1,905,800
Deposit Liability	0	148,882	148,882
Long-Term Liabilities:			
Due Within One Year	610,728	740,000	1,350,728
Due In More Than One Year	7,470,559	8,615,845	16,086,404
Total Liabilities	10,657,510	9,955,545	20,613,055
Net Assets:			
Invested in Capital Assets, Net of Related Debt	39,255,568	9,252,994	48,508,562
Restricted for:			
Debt Service	10,699,441	319,734	11,019,175
Capital Projects	2,599,955	0	2,599,955
Street Improvements	767,141	0	767,141
Public Safety	630,856	0	630,856
Unrestricted	15,443,474	204,199	15,647,673
Total Net Assets	\$69,396,435	\$9,776,927	\$79,173,362

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2011

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$4,920,870	\$453,293	\$0	\$722,417
Public Safety	6,814,464	143,681	331,523	0
Community Environment	264,650	0	0	0
Recreation	308,379	150,526	0	0
Transportation	4,233,694	2,959	1,007,868	0
Interest and Other Charges	386,256	0	0	0
Total Governmental Activities	16,928,313	750,459	1,339,391	722,417
Business-Type Activities:				
Waste Collection	1,634,734	1,352,433	17,800	0
Golf Course	3,681,797	3,432,372	0	0
Total Business-Type Activities	5,316,531	4,784,805	17,800	0
Totals	\$22,244,844	\$5,535,264	\$1,357,191	\$722,417

General Revenues:
Income Taxes
Property Taxes Levied for:
 General Purposes
 Grants and Entitlements, Not Restricted to Specific Programs
Investment Earnings
Other Revenues
Transfers-Internal Activities

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$3,745,160)	\$0	(\$3,745,160)
(6,339,260)	0	(6,339,260)
(264,650)	0	(264,650)
(157,853)	0	(157,853)
(3,222,867)	0	(3,222,867)
(386,256)	0	(386,256)
<u>(14,116,046)</u>	<u>0</u>	<u>(14,116,046)</u>
0	(264,501)	(264,501)
0	(249,425)	(249,425)
<u>0</u>	<u>(513,926)</u>	<u>(513,926)</u>
<u>(14,116,046)</u>	<u>(513,926)</u>	<u>(14,629,972)</u>
12,109,247	0	12,109,247
1,552,250	0	1,552,250
2,499,558	0	2,499,558
169,851	0	169,851
350,675	20,292	370,967
(2,364,000)	2,364,000	0
<u>14,317,581</u>	<u>2,384,292</u>	<u>16,701,873</u>
201,535	1,870,366	2,071,901
<u>69,194,900</u>	<u>7,906,561</u>	<u>77,101,461</u>
<u>\$69,396,435</u>	<u>\$9,776,927</u>	<u>\$79,173,362</u>

City of Centerville, Ohio
Balance Sheet
Governmental Funds
December 31, 2011

	General	Street Construction and Maintenance	Special Assessment Debt Retirement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$11,544,542	\$236,087	\$306,837	\$3,561,911	\$15,649,377
Receivables (Net):					
Taxes	4,624,728	0	0	0	4,624,728
Accounts	12,375	0	0	11,974	24,349
Interest	36,029	0	0	0	36,029
Intergovernmental	992,918	466,001	0	161,277	1,620,196
Special Assessments	0	0	10,367,605	0	10,367,605
Due From Other Funds	48,971	0	0	0	48,971
Inventory	1,790	69,229	0	9,707	80,726
Prepaid Items	84,537	18,735	0	0	103,272
Total Assets	17,345,890	790,052	10,674,442	3,744,869	32,555,253
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	126,649	17,910	0	15,282	159,841
Accrued Liabilities	522,594	72,732	0	0	595,326
Contracts Payable	29,905	0	0	103,922	133,827
Deferred Revenue	3,554,905	314,001	9,764,895	221,832	13,855,633
Total Liabilities	4,234,053	404,643	9,764,895	341,036	14,744,627
Fund Balances:					
Nonspendable	86,327	87,964	0	9,707	183,998
Restricted	0	297,445	909,547	1,162,710	2,369,702
Assigned	66,051	0	0	2,231,416	2,297,467
Unassigned	12,959,459	0	0	0	12,959,459
Total Fund Balances	13,111,837	385,409	909,547	3,403,833	17,810,626
Total Liabilities and Fund Balances	\$17,345,890	\$790,052	\$10,674,442	\$3,744,869	\$32,555,253

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 December 31, 2011

Total Governmental Fund Balance \$17,810,626

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.

Capital assets used in the operation of Governmental Funds	\$45,558,192	
Capital assets used in the operation of Internal Service Funds	1,080,413	
	46,638,605	46,638,605

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

Income Taxes	\$1,484,579	
Intergovernmental	937,405	
Interest	23,490	
Special Assessments	9,764,895	
	12,210,369	12,210,369

An internal service fund is used by management to charge
 back costs to individual funds. The assets and
 liabilities of the internal service fund are included in
 governmental activities in the statement of net assets.

Internal Service Net Assets	\$1,974,071	
Capital assets used in the operation of Internal Service Funds	(1,080,413)	
Allocation to Business-Type Activities	(47,861)	
	845,797	845,797

In the statement of net assets interest payable is accrued when
 incurred; whereas, in the governmental funds interest is
 reported as a liability only when it will require the use of
 current financial resources. (33,471)

Some liabilities reported in the statement of net assets do not
 require the use of current financial resources and, therefore,
 are not reported as liabilities in governmental funds.

Compensated Absences	(698,250)
----------------------	-----------

Deferred bond issuance cost associated with long-term liabilities
 are not reported in the funds. 5,796

Long-term liabilities are not due and payable in the current
 period and, therefore, are not reported in the funds. (7,383,037)

Net Assets of Governmental Activities \$69,396,435

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2011

	General	Street Construction and Maintenance	Special Assessment Debt Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$13,139,217	\$0	\$0	\$0	\$13,139,217
Fines, Licenses & Permits	419,979	0	0	771	420,750
Charges for Services	308,083	2,959	0	0	311,042
Investment Earnings	135,826	2,074	5,448	21,256	164,604
Intergovernmental	2,598,824	933,729	0	872,426	4,404,979
Special Assessments	18,668	0	612,967	13,479	645,114
Other Revenues	305,482	5,000	0	39,982	350,464
Total Revenues	16,926,079	943,762	618,415	947,914	19,436,170
Expenditures:					
Current:					
General Government	4,539,192	0	31,166	14,647	4,585,005
Public Safety	6,119,776	0	0	297,748	6,417,524
Community Environment	289,791	0	0	0	289,791
Recreation	247,852	0	0	0	247,852
Transportation	0	2,154,505	0	94,472	2,248,977
Capital Outlay	154,780	0	0	1,520,859	1,675,639
Debt Service:					
Principal	0	0	234,000	123,579	357,579
Interest and Other Charges	0	0	345,292	36,461	381,753
Total Expenditures	11,351,391	2,154,505	610,458	2,087,766	16,204,120
Excess of Revenues Over (Under) Expenditures	5,574,688	(1,210,743)	7,957	(1,139,852)	3,232,050
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	0	0	0	1,000	1,000
Transfers In	0	1,200,000	0	1,265,000	2,465,000
Transfers (Out)	(4,829,000)	0	0	0	(4,829,000)
Total Other Financing Sources (Uses)	(4,829,000)	1,200,000	0	1,266,000	(2,363,000)
Net Change in Fund Balance	745,688	(10,743)	7,957	126,148	869,050
Fund Balance Beginning of Year, Restated	12,365,150	351,123	901,590	3,270,890	16,888,753
Change in Reserve for Inventory	999	45,029	0	6,795	52,823
Fund Balance End of Year	\$13,111,837	\$385,409	\$909,547	\$3,403,833	\$17,810,626

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended December 31, 2011

Net Change in Fund Balance - Total Governmental Funds		\$869,050
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.		
Capital assets used in governmental activities	\$1,383,810	
Depreciation Expense	<u>(2,521,118)</u>	(1,137,308)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss.		
		(789)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income Taxes	\$427,676	
Delinquent Property Taxes and Intergovernmental	257,154	
Interest	5,246	
Special Assessments	<u>(632,609)</u>	57,467
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		357,579
In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.		
		1,506
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.		
Compensated Absences	\$54,751	
Amortization of Bond Issuance Cost	(965)	
Amortization of Bond Premium	1,870	
Amortization of Deferred Charge on Refunding	(6,914)	
Change in Inventory	<u>52,823</u>	101,565
The internal service fund used by management to charge back costs to individual funds is not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
Change in Net Assets - Internal Service Funds	(\$38,692)	
Change in portion of Internal Service Fund Net Assets allocated to Business-Type Activities	<u>(8,843)</u>	(47,535)
Change in Net Assets of Governmental Activities		<u><u>\$201,535</u></u>

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Statement of Net Assets
Proprietary Funds
December 31, 2011

	Business-Type Activities -Enterprise Funds			Governmental Activities- Internal Service Funds
	Waste Collection	Golf Course	Total Business-Type Activities	
Current Assets:				
Equity in Pooled Cash and Investments	\$511,348	\$395,100	\$906,448	\$901,607
Receivables (Net):				
Accounts	62,232	17,105	79,337	545
Inventory	15,415	97,255	112,670	0
Prepaid Items	9,418	4,070	13,488	0
Total Current Assets	598,413	513,530	1,111,943	902,152
Nondepreciable Capital Assets	0	15,166,876	15,166,876	0
Depreciable Capital Assets, Net	0	3,356,202	3,356,202	1,080,413
Bond Issuance Cost	0	98,561	98,561	0
Total Noncurrent Assets	0	18,621,639	18,621,639	1,080,413
Total Assets	598,413	19,135,169	19,733,582	1,982,565
Liabilities:				
Current Liabilities:				
Accounts Payable	56,194	21,686	77,880	8,494
Accrued Liabilities	24,962	49,271	74,233	0
Compensated Absences	25,000	10,000	35,000	0
Accrued Interest Payable	0	38,169	38,169	0
Due to Other Funds	0	48,971	48,971	0
Deferred Revenue	260,536	0	260,536	0
Deposit Liability	0	148,882	148,882	0
Long-Term Liabilities Due Within One Year	0	705,000	705,000	0
Total Current Liabilities	366,692	1,021,979	1,388,671	8,494
Long-Term Liabilities:				
Compensated Absences	5,946	44,815	50,761	0
Bonds, Notes & Loans Payable	0	8,565,084	8,565,084	0
Total Noncurrent Liabilities	5,946	8,609,899	8,615,845	0
Total Liabilities	372,638	9,631,878	10,004,516	8,494
Net Assets:				
Invested in Capital Assets	0	9,252,994	9,252,994	1,080,413
Restricted for:				
Debt Service	0	319,734	319,734	0
Unrestricted	225,775	(69,437)	156,338	893,658
Total Net Assets	\$225,775	\$9,503,291	\$9,729,066	\$1,974,071
Adjustment to reflect the consolidation of Internal Service Fund activities related to Business-Type Activities			\$47,861	
Net Assets of Business-Type Activities			\$9,776,927	

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended December 31, 2011

	Business-Type Activities -Enterprise Funds			Governmental Activities- Internal Service Funds
	Waste Collection	Golf Course	Total Business-Type Activities	
Operating Revenues:				
Charges for Services	\$1,352,433	\$3,432,372	\$4,784,805	\$296,640
Other Revenues	2,550	17,742	20,292	28,552
Total Operating Revenues	1,354,983	3,450,114	4,805,097	325,192
Operating Expenses:				
Salaries and Wages	540,925	1,066,613	1,607,538	0
Fringe Benefits	195,092	349,768	544,860	0
Purchased Services	578,410	440,858	1,019,268	79,807
Supplies and Materials	267,272	680,199	947,471	3,986
Other Expenses	68,341	276,018	344,359	28,136
Depreciation	0	237,312	237,312	282,514
Total Operating Expenses	1,650,040	3,050,768	4,700,808	394,443
Operating Income (Loss)	(295,057)	399,346	104,289	(69,251)
Non-Operating Revenues (Expenses):				
Interest (Expense)	6,463	(637,029)	(630,566)	0
Gain (Loss) on Disposal of Capital Assets	0	6,000	6,000	21,205
Operating Grants	17,800	0	17,800	0
Total Non-Operating Revenues (Expenses)	24,263	(631,029)	(606,766)	30,559
Income (Loss) Before Contributions and Transfers	(270,794)	(231,683)	(502,477)	(38,692)
Transfers In	0	2,364,000	2,364,000	0
Change in Net Assets	(270,794)	2,132,317	1,861,523	(38,692)
Net Assets Beginning of Year	496,569	7,370,974	7,867,543	2,012,763
Net Assets End of Year	\$225,775	\$9,503,291	\$9,729,066	\$1,974,071
Adjustment to reflect the consolidation of Internal Service Fund activities related to Business-Type Activities			\$8,843	
Change in Net Assets - Total Business-Type Activities			\$1,870,366	

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2011

	Business-Type Activities -Enterprise Funds			Governmental Activities- Internal Service Funds
	Waste Collection	Golf Course	Total Business-Type Activities	
Cash Flows from Operating Activities:				
Cash Received from Customers	\$1,357,108	\$3,493,773	\$4,850,881	\$324,753
Cash Payments to Employees	(740,072)	(1,311,537)	(2,051,609)	0
Cash Payments to Suppliers	(898,262)	(1,498,387)	(2,396,649)	(104,781)
Net Cash Provided (Used) by Operating Activities	(281,226)	683,849	402,623	219,972
Cash Flows from Noncapital Financing Activities:				
Operating Grants Received	17,800	0	17,800	0
Payments from Other Funds	0	2,364,000	2,364,000	0
Payments to Other Funds	0	(66,781)	(66,781)	0
Net Cash Provided (Used) by Noncapital Financing Activities	17,800	2,297,219	2,315,019	0
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	0	(121,377)	(121,377)	(225,382)
Debt Principal Payments	0	(3,220,000)	(3,220,000)	0
Debt Interest Payments	6,463	(597,095)	(590,632)	0
Proceeds on the Disposal of Capital Assets	0	6,000	6,000	21,205
Net Cash Provided (Used) by Capital and Related Financing Activities	6,463	(3,932,472)	(3,926,009)	(204,177)
Cash Flows from Investing Activities:				
Earnings on Investments	0	0	0	9,354
Net Cash Provided (Used) by Cash Flows from Investing Activities	0	0	0	9,354
Net Increase (Decrease) in Cash and Cash Equivalents	(256,963)	(951,404)	(1,208,367)	25,149
Cash and Cash Equivalents Beginning of Year	768,311	1,346,504	2,114,815	876,458
Cash and Cash Equivalents End of Year	511,348	395,100	906,448	901,607
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	(295,057)	399,346	104,289	(69,251)
Adjustments:				
Depreciation	0	237,312	237,312	282,514
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	(3,894)	17,906	14,012	(439)
(Increase) Decrease in Inventory	(7,201)	(10,803)	(18,004)	0
(Increase) Decrease in Prepaid Items	(1,763)	1,892	129	0
(Increase) Decrease in Deposit Liabilities	0	25,753	25,753	0
Increase (Decrease) in Payables	22,374	(4,166)	18,208	7,148
Increase (Decrease) in Accrued Liabilities	(1,704)	16,609	14,905	0
Increase (Decrease) in Deferred Revenue	6,019	0	6,019	0
Net Cash Provided (Used) by Operating Activities	(\$281,226)	\$683,849	\$402,623	\$219,972

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Statement of Fiduciary Net Assets
Fiduciary Fund
December 31, 2011

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$140,864
Prepaid Items	<u>4,589</u>
Total Assets	<u><u>145,453</u></u>
Liabilities:	
Accounts Payable	6,352
Undistributed Monies	<u>139,101</u>
Total Liabilities	<u><u>\$145,453</u></u>

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011

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 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.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

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.

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 maintain and repair 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.

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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

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) 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 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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

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.

E. Assets, Liabilities and Net Assets or Equity

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 "Equity in Pooled Cash 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.

Inventories and Prepaid Items

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

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets include land, construction in progress, 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 \$2,500 and an estimated useful life in excess of one year.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

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

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

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

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

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for unpaid accumulated sick leave is limited to 240 of accrued but unused sick leave. The City pays supplemental retirement if employees retire with 7.5 years of service and 600 hours of accumulated sick leave. Supplemental retirement is only available to retiring employees, not employees for any reason. 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.

Bond Discounts, Premiums and Issuance Costs

Bond discounts, premiums and issuance costs for government-wide 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.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the fund financial statements when due.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement Number 54, Fund Balance Reporting, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on those resources. The following categories are used:

Nonspendable – resources that are not in spendable form (prepaids) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the City Council.

Assigned – resources that are intended to be used for specific purposes as approved through the City's formal purchasing procedure by the Finance Director.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned.

The City applies restricted resources first when an expense is incurred for purposes with both restricted and unrestricted net assets are available. The City considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

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.

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the City's \$15,017,127 in restricted net assets, none was restricted by enabling legislation.

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.

2. EQUITY IN 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 "Equity in pooled cash and investments."

Deposits – As of December 31, 2011, \$8,678,897 of the City's cash deposits of \$10,365,793 was covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City's deposits not covered by FDIC were covered by a single financial institution's collateralized pool held in the financial institution's name as specified by Section 135.181 of the Ohio Revised Code. The City has no deposit policy for custodial credit risk beyond the requirements of the Ohio Revised Code.

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 2011. 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, 2011.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

A summary of the fair value of investments held, and year of maturities, as of December 31, 2011 is as follows:

	<u>Fair Value</u>	<u>Investments maturing in years ended</u>				
		<u>12/31/12</u>	<u>12/31/13</u>	<u>12/31/14</u>	<u>12/31/15</u>	<u>12/31/16</u>
U.S. agencies	\$7,663,112	\$802,411	\$650,026	\$597,136	\$1,102,105	\$4,510,634
STAR Ohio	<u>7,772</u>	<u>7,772</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total investments	<u>\$7,670,884</u>	<u>\$810,183</u>	<u>\$650,026</u>	<u>\$597,136</u>	<u>\$1,102,105</u>	<u>\$4,510,634</u>

Callable securities are assumed to remain uncalled prior to maturity.

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

Credit Risk – 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, 2011, the City’s investment in STAR Ohio was rated AAAM by Standard & Poor’s and 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. The City has no investment policy for custodial credit risk beyond the requirements of the Ohio Revised Code.

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	50%
Bankers Acceptances and Commercial Paper	25%

Total investments at December 31, 2011 include:

<u>Issuer:</u>	<u>Fair Value</u>	<u>Percent</u>
U.S. Agencies:		
Federal National Mortgage Association	\$4,112,198	53.6%
Federal Home Loan Mortgage Corporation	2,295,173	29.9%
Federal Home Loan Bank	500,213	6.5%
Federal Farm Credit Banks	755,528	9.9%
STAROhio	<u>7,772</u>	<u>0.1%</u>
Total Investments	<u>\$7,670,884</u>	<u>100.0%</u>

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

3. RECEIVABLES

Receivables at year end consisted primarily of municipal income taxes and property and other taxes, accounts receivable, accrued interest on investments, intergovernmental receivables arising from entitlements and shared revenues and special assessments.

No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one year amounts to approximately \$10,367,605 in the Special Assessment Debt Retirement Fund.

A. 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.

B. Property Taxes

Property taxes include amounts levied against all real property, public utility tangible personal property and tangible (used in business) property located in the City. Property taxes are levied each December 31st on the assessed value listed as of the prior December 31st. Assessed values are established for real property at 35% of true value and for public utility tangible personal property at varying percentages, generally 25%. Property market values are required to be updated every three years and revalued every six years. The last revaluation was completed in 2011.

The property tax calendar is as follows:

Levy date	December 31, 2010
Lien date	December 31, 2010
Tax bill mailed	January 20, 2011
First installment payment due	February 15, 2011
Second installment payment due	July 15, 2011

The assessed values for the City at December 31, 2011, were as follows:

	Assessed Value
Real Estate	\$640,479,220
Tangible Personal Property	<u>10,030,640</u>
Total	<u>\$650,509,860</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, 2011
(continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 4,245,419	\$ 0	\$ 0	\$ 4,245,419
Construction in progress	529,969	290,259	(686,401)	133,827
<i>Capital Assets, being depreciated:</i>				
Building and improvements	14,298,087	0	0	14,298,087
Machinery and equipment	7,262,802	483,974	(42,931)	7,703,845
General infrastructure	<u>50,695,436</u>	<u>1,521,360</u>	<u>0</u>	<u>52,216,796</u>
Totals at Historical Cost	<u>77,031,713</u>	<u>2,295,593</u>	<u>(729,332)</u>	<u>78,597,974</u>
Less Accumulated Depreciation for:				
Building and improvements	2,381,690	334,991	0	2,716,681
Machinery and equipment	5,207,029	553,777	(42,142)	5,718,664
General infrastructure	<u>21,609,160</u>	<u>1,914,864</u>	<u>0</u>	<u>23,524,024</u>
Total Accumulated Depreciation	<u>29,197,879</u>	<u>2,803,632</u>	<u>(42,142)</u>	<u>31,959,369</u>
Governmental Activities Capital Assets, Net	<u>\$ 47,833,834</u>	<u>\$(508,039)</u>	<u>\$(687,190)</u>	<u>\$ 46,638,605</u>
	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Business-type Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 15,166,876	\$ 0	\$ 0	\$ 15,166,876
<i>Capital Assets, being depreciated:</i>				
Building and improvements	4,037,103	0	0	4,037,103
Machinery and equipment	<u>2,128,449</u>	<u>121,377</u>	<u>(26,700)</u>	<u>2,223,126</u>
Totals at Historical Cost	<u>21,332,428</u>	<u>121,377</u>	<u>(26,700)</u>	<u>21,427,105</u>
Less Accumulated Depreciation for:				
Building and improvements	1,307,755	89,714	0	1,397,469
Machinery and equipment	<u>1,385,660</u>	<u>147,598</u>	<u>(26,700)</u>	<u>1,506,558</u>
Total Accumulated Depreciation	<u>2,693,415</u>	<u>237,312</u>	<u>(26,700)</u>	<u>2,904,027</u>
Business-Type Activities Capital Assets, Net	<u>\$ 18,639,013</u>	<u>\$(115,935)</u>	<u>\$ 0</u>	<u>\$ 18,523,078</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 250,156
Public safety	384,576
Community environment	5,550
Recreation	54,417
Transportation	<u>2,108,933</u>
Total depreciation expense	<u>\$ 2,803,632</u>

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

5. PENSION PLANS

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan. OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or calling 614-222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. The 2011 member contribution rates were 10% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11% and 11.6%, respectively. The 2011 employer contribution rate for state and local employers was 14% of covered payroll. The law enforcement and public safety division employer contribution rate was 18.1% of covered payroll. The City's required contributions to OPERS for the years ending December 31, 2009, 2010 and 2011, were \$778,732, \$775,024, and \$769,835 respectively, or 92% of the required contributions for 2009, 92% for 2010, and 92% for 2011.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code.

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

Plan members are required to contribute 10% of their annual covered salary, while employers (the City) are required to contribute 19.5% for police and 24.0% for firefighters. The City's contributions to OP&F for the years ending December 31, 2009, 2010 and 2011, were \$630,132, \$648,938, and \$647,672 respectively, or 74% of the required contributions for 2009, 75% for 2010, 74% for 2011.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

6. POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health card 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 described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, the City contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2011, the employer contribution allocated to the health care for members in the Traditional Plan was 4.0% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

Information from City's Records

The City's actual contributions for the current year, which were used to fund postemployment benefits, were \$219,941 for 2011; were \$78,959 for the period of January 1 through February 28, 2010 and were \$402,683 for the period of March 1 through December 31, 2010; and were \$86,442 for the period of January 1 through March 31, 2009 and \$302,924 for the period of April 1 through December 31, 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased January 1 of each year from 2006 to 2008 which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of the covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Information from City's Records

The City's contributions to OP&F for the year ending December 31, 2011 were \$224,095 for police; for the year ending December 31, 2010 were \$224,533 for police; and for the year ending December 31, 2009 were \$218,026 for police, respectively, was allocated to the healthcare plan.

7. 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, 2011 include buildings and improvements at a cost of \$214,284 and accumulated depreciation of \$88,630. The future minimum lease payments as of December 31, 2011 are as follows:

2012	\$15,448
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8. RISK MANAGEMENT

The City is one of twenty members of a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA). The pool has been operational since December 1, 1988 and was formed according to Section 2744.081 of the Ohio Revised Code. This joint venture covers all property, crime, liability, boiler and machinery, and public official liability up to the limits stated below. It is intended to provide broad-based coverage up to the various limits.

MVRMA is a corporation governed by a twenty member board of trustees, consisting of a representative appointed by each of the member cities. The board of trustees elects the officers of the corporation, with each trustee having a single vote. The board is responsible for its own financial matters and the corporation maintains its own book of accounts. Budget and financing of MVRMA is subject to the approval of the board.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

Excess insurance coverage will cover additional claims up to the limits listed below:

General Liability: \$10,000,000/occurrence

Automobile Liability: \$10,000,000/occurrence

MVRMA self-insured retention \$500,000/occurrence. MVRMA obtained reinsurance from Government Entities Mutual Inc. (GEM) for \$1.5 million excess \$500,000 and from General Reinsurance Corporation for \$8 million excess \$2 million.

Police Professional Liability: \$10,000,000/occurrence

MVRMA self-insured retention \$500,000/occurrence. MVRMA obtained reinsurance from Government Entities Mutual Inc. (GEM) for \$1.5 million excess \$500,000 and from General Reinsurance Corporation for \$8 million excess \$2 million.

Employment Practices Liability and Public Officials Liability Including Employee

Benefits Liability

MVRMA self-insured retention \$500,000/occurrence. MVRMA obtained reinsurance from Government Entities Mutual Inc. (GEM) for \$1.5 million excess \$500,000 and from General Reinsurance Corporation for \$8 million excess \$2 million. Annual aggregate \$10 million per member

Property (effective 7/1/09-7/1/12):

\$1,000,000,000/occurrence

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

Coverage excess SIR provided by PEPiP USA as follows:

Lexington Insurance Company (Primary \$25 million)

List of carriers for layers excess of \$25 million provided upon request.

Flood (effective 7/1/09-7/1/12):

\$25 million/occurrence and annual aggregate (Flood Zone A & V - \$5 million/occurrence and annual aggregate)

MVRMA SIR: \$100,000/occurrence excluding Flood Zones A & V

MVRMA SIR: \$250,000/occurrence Flood Zones A & V

Earthquake (effective 7/1/09-7/1/12):

\$25 million/occurrence and annual aggregate

MVRMA SIR: \$100,000/occurrence

Boiler & Machinery (effective 7/1/09-7/1/12):

\$100,000,000/occurrence

MVRMA SIR: \$5,000/occurrence (except as shown for specific objects or perils)

Coverage excess SIR provided by PEPiP USA as follows:

Lexington Insurance Company – (Primary \$25 million)

List of carriers for layers excess of \$25 million provided upon request.

Cyber (effective 7/1/09-7/1/12):

MVRMA SIR: \$100,000/occurrence

Coverage excess SIR provided by Lloyd's of London-Beazley Syndicate

Third Party Liability:

\$2 million/occurrence and annual aggregate, but sub-limited to:

\$500,000/occurrence and annual aggregate for Privacy Notification Costs

First Party Computer Liability:

\$2 million/occurrence and annual aggregate subject to policy sub-limits

Pollution (effective 7/1/11-7/1/12):

MVRMA SIR: \$100,000/pollution condition; \$750,000 underground storage tanks specific

\$1 million/pollution condition and aggregate with a \$200,000 sublimit for fungi and legionella

Member Deductible/occurrence: \$2,500

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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

9. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended December 31, 2011, was as follows:

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities						
<u>General Obligation Bonds</u>						
Various Purpose Refunding-Series 2003	2.00-5.25%	\$675,000	\$0	(\$85,000)	\$590,000	\$90,000
Less Deferred Amounts:						
For Issuance Premium		13,090	0	(1,870)	11,220	0
On Refunding		(48,400)	6,914	0	(41,486)	0
Total General Obligation Bonds		639,690	6,914	(86,870)	559,734	90,000
<u>Special Assessment Bonds</u>						
Street Improvements - Series 1990	7.90%	14,000	0	(14,000)	0	0
Street Improvements - Series 1994	5.40-6.60%	110,000	0	(25,000)	85,000	25,000
Street Improvements - Series 1995	4.30-5.625%	805,000	0	(30,000)	775,000	35,000
Street Improvements - Series 1998a	4.05-5.35%	890,000	0	(30,000)	860,000	35,000
Street Improvements - Series 1998b	3.50-5.00%	965,000	0	(35,000)	930,000	35,000
Street Improvements - Series 1999	4.20-5.75%	1,280,000	0	(35,000)	1,245,000	40,000
Street Improvements - Series 2000	4.65-5.75%	900,000	0	(25,000)	875,000	25,000
Street Improvements - Series 2001	3.70-5.50%	830,000	0	(25,000)	805,000	25,000
Street Improvements - Series 2002	4.20-5.30%	545,000	0	(15,000)	530,000	15,000
Total Special Assessment Bonds		6,339,000	0	(234,000)	6,105,000	235,000
Promissory Notes	1.00%	756,882	0	(38,579)	718,303	38,966
Total Long-Term Liabilities - Bonds, Notes		7,735,572	0	(352,536)	7,383,037	363,966
Compensated Absences		753,001	399,254	(494,005)	698,250	246,762
Total Governmental Activities		\$8,488,573	\$406,168	(\$846,541)	\$8,081,287	\$610,728
Business-Type Activities						
<u>General Obligation Bonds</u>						
Capital Facilities - Series 2001	3.50-5.125%	\$2,530,000	\$0	(\$2,530,000)	\$0	\$0
Various Purpose Refunding-Series 2003	2.00-5.25%	10,475,000	0	(690,000)	9,785,000	705,000
Less Deferred Amounts:						
For Issuance Premium		207,239	0	(16,270)	190,969	0
On Refunding		(766,024)	0	60,139	(705,885)	0
Total General Obligation Bonds		12,446,215	0	(3,176,131)	9,270,084	705,000
Compensated Absences		84,248	43,256	(41,743)	85,761	35,000
Total Business-Type Activities		\$12,530,463	\$43,256	(\$3,217,874)	\$9,355,845	\$740,000

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

Outstanding general obligation bonds consist of street improvements, 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 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 Fund. Compensated absences will be paid through the General Fund and the Street Construction and Maintenance Fund.

Promissory notes maturing through 2028 are due to the Ohio Public Works Commission as part of their state capital improvement program for the City's Centerville Station Road and Clyo Road Reconstruction/Widening project. The original amount of the promissory notes was \$832,895.

The following table summarizes the City's future long-term bond service requirements:

Governmental Activities and Business-Type Activities:

Year Ending December 31	General Obligation Bonds		Special Assessment Bonds		Promissory Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$795,000	\$483,945	\$235,000	\$332,588	\$38,966	\$ 7,086
2013	825,000	455,325	245,000	320,139	39,356	6,695
2014	860,000	422,325	255,000	306,888	39,751	6,301
2015	895,000	387,925	245,000	293,028	40,149	5,902
2016	1,000,000	352,125	255,000	280,000	40,552	5,500
2017-2021	4,335,000	1,007,875	1,475,000	1,180,521	208,940	21,318
2022-2026	1,665,000	191,287	1,930,000	732,503	219,625	10,633
2027-2031	0	0	1,425,000	203,460	90,963	1,140
2032-2036	0	0	40,000	2,120	0	0
Total	<u>\$10,375,000</u>	<u>\$3,300,807</u>	<u>\$6,105,000</u>	<u>\$3,651,247</u>	<u>\$718,303</u>	<u>\$64,575</u>

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2011, the City had a legal debt margin for total debt of \$68,303,535 and a legal debt margin for unvoted debt of \$35,778,042.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

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 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, 2011, Health Care Revenue Bonds outstanding aggregated \$45,295,000.

10. INTERFUND TRANSFERS

The composition of interfund balances as of December 31, 2011 is as follows:

Internal balances:

<u>Type</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Internal Service Allocation	\$(47,861)	\$47,861
Due to / Due from Other Funds	<u>48,971</u>	<u>(48,971)</u>
Total	<u>\$1,110</u>	<u>(\$1,110)</u>

Due to / due from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Golf Course	\$48,971

In 2008, rather than entering into a capital lease with a lending agency, the City financed the purchase of golf carts through the use of interfund advances. These advances are reported as interfund receivable and payables in their respective funds.

Interfund transfers:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 0	\$4,829,000
Street Construction and Maintenance	1,200,000	0
Non-major Governmental	1,265,000	0
Golf Course	<u>2,364,000</u>	<u>0</u>
Total	<u>\$4,829,000</u>	<u>\$4,829,000</u>

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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

11. CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

A. Change in Accounting Principles

For fiscal year 2011, the City implemented Governmental Accounting Standards Board (GASB) Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB54 shifts the focus of fund balance reporting from the availability of fund resources for budgeting to the extent to which the City is bound to honor constraints on the specific purposes for which amounts in funds can be spent.

B. Restatement of Fund Balance

The implementation of GASB54 had the following effects on fund balance of the following major and non-major (other governmental) funds of the City as they were previously reported.

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Fund Balance, December 31, 2011	\$12,245,796	\$3,390,244
Change in Fund Structure	<u>119,354</u>	<u>(119,354)</u>
Fund Balance, December 31, 2011 – Restated	<u>\$12,365,150</u>	<u>\$3,270,890</u>

12. FUND BALANCES

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

<u>Fund Balances</u>	<u>General</u>	<u>Street Construction & Maintenance</u>	<u>Special Assessment Debt Retirement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:					
Inventory	\$1,790	\$69,229	\$0	\$9,707	\$80,726
Prepays	<u>84,537</u>	<u>18,735</u>	<u>0</u>	<u>0</u>	<u>103,272</u>
Total Nonspendable	<u>86,327</u>	<u>87,964</u>	<u>0</u>	<u>9,707</u>	<u>183,998</u>
Restricted for:					
Public Safety	0	0	0	630,856	630,856
Street Construction and Maintenance	0	297,445	0	129,349	426,794
Capital Improvements	0	0	0	402,505	402,505
Debt Service	<u>0</u>	<u>0</u>	<u>909,547</u>	<u>0</u>	<u>909,547</u>
Total Restricted	<u>0</u>	<u>297,445</u>	<u>909,547</u>	<u>1,162,710</u>	<u>2,369,702</u>
Assigned to:					
Public Safety	4,775	0	0	0	4,775
Community Environment	1,434	0	0	0	1,434
Recreation	427	0	0	0	427
Capital Improvements	59,415	0	0	2,178,742	2,238,157
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>52,674</u>	<u>52,674</u>
Total Assigned	<u>66,051</u>	<u>0</u>	<u>0</u>	<u>2,231,416</u>	<u>2,297,467</u>
Unassigned (Deficit)	<u>12,959,459</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,959,459</u>
Total Fund Balance	<u>\$13,111,837</u>	<u>\$385,409</u>	<u>\$909,547</u>	<u>\$3,403,883</u>	<u>\$17,810,626</u>

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2011
(continued)

13. 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, Ohio
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, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Local Taxes	\$ 13,690,127	\$ 13,690,127	\$ 14,585,504	\$ 895,377
Intergovernmental revenues	1,005,911	1,005,911	1,133,025	127,114
Special assessments	20,000	20,000	18,668	(1,332)
Charges for services	21,000	21,000	102,872	81,872
Fines, licenses, and permits	182,500	182,500	431,373	248,873
Interest earned	170,000	170,000	121,888	(48,112)
Miscellaneous and reimbursements	550,801	550,801	565,561	14,760
Total revenues	15,640,339	15,640,339	16,958,891	1,318,552
Expenditures:				
Current:				
Clerk of Council				
Personal services	223,745	223,745	215,750	7,995
Other expenses	57,398	57,398	38,674	18,724
Total clerk of council	281,143	281,143	254,424	26,719
City Manager				
Personal services	504,258	504,258	481,689	22,569
Other expenses	22,230	28,230	24,385	3,845
Total city manager	526,488	532,488	506,074	26,414
Economic Development				
Personal services	103,485	103,485	102,783	702
Other expenses	13,307	13,307	6,838	6,469
Total economic development	116,792	116,792	109,621	7,171
Community Resources				
Personal services	75,895	79,395	78,530	865
Other expenses	16,270	16,270	15,638	632
Total community resources	92,165	95,665	94,168	1,497
Code Enforcement				
Personal services	113,811	113,811	113,351	460
Other expenses	29,129	29,129	25,039	4,090
Total code enforcement	142,940	142,940	138,390	4,550
Finance				
Personal services	377,783	377,783	371,213	6,570
Other expenses	45,560	60,560	57,437	3,123
Total finance	423,343	438,343	428,650	9,693
Income Tax				
Personal services	188,401	190,401	188,603	1,798
Other expenses	56,258	106,258	98,012	8,246
Total income tax	244,659	296,659	286,615	10,044
Human Resources				
Personal services	127,464	131,464	130,833	631
Other expenses	73,000	73,000	32,558	40,442
Total human resources	200,464	204,464	163,391	41,073

See accompanying notes to the required supplementary information.

City of Centerville, Ohio
Required Supplementary Information
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
General Fund - Continued
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Legal				
Other expenses	322,050	322,050	267,553	54,497
Total legal	<u>322,050</u>	<u>322,050</u>	<u>267,553</u>	<u>54,497</u>
Planning				
Personal services	270,344	280,344	277,368	2,976
Other expenses	49,209	49,209	15,936	33,273
Total planning	<u>319,553</u>	<u>329,553</u>	<u>293,304</u>	<u>36,249</u>
General Government				
Personal services	148,413	148,413	130,222	18,191
Other expenses	1,295,038	1,295,038	1,063,981	231,057
Total general government	<u>1,443,451</u>	<u>1,443,451</u>	<u>1,194,203</u>	<u>249,248</u>
Municipal Building				
Personal services	28,882	31,382	30,946	436
Other expenses	56,763	56,763	42,626	14,137
Total municipal building	<u>85,645</u>	<u>88,145</u>	<u>73,572</u>	<u>14,573</u>
Inspection				
Personal services	190,298	203,298	194,068	9,230
Other expenses	45,505	70,505	63,102	7,403
Total inspection	<u>235,803</u>	<u>273,803</u>	<u>257,170</u>	<u>16,633</u>
Engineering				
Personal services	382,352	382,352	363,374	18,978
Other expenses	29,815	29,815	27,841	1,974
Total engineering	<u>412,167</u>	<u>412,167</u>	<u>391,215</u>	<u>20,952</u>
Public Works Administration				
Personal services	213,001	213,001	207,979	5,022
Other expenses	108,135	108,135	102,440	5,695
Total public works administration	<u>321,136</u>	<u>321,136</u>	<u>310,419</u>	<u>10,717</u>
Police				
Personal services	5,663,704	5,663,704	5,498,676	165,028
Other expenses	845,887	845,887	720,439	125,448
Total police	<u>6,509,591</u>	<u>6,509,591</u>	<u>6,219,115</u>	<u>290,476</u>
Sister City Committee				
Other expenses	6,800	6,800	4,537	2,263
Total sister city committee	<u>6,800</u>	<u>6,800</u>	<u>4,537</u>	<u>2,263</u>
Arts Commission				
Other expenses	46,645	46,645	31,766	14,879
Total arts commission	<u>46,645</u>	<u>46,645</u>	<u>31,766</u>	<u>14,879</u>

See accompanying notes to the required supplementary information.

City of Centerville, Ohio
 Required Supplementary Information
 Schedule of Revenue, Expenditures, & Changes in Fund Balances -
 Budget and Actual - Budgetary (Non-GAAP) Basis
 General Fund - Continued
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
City Beautiful Commission				
Other expenses	8,100	8,100	6,608	1,492
Total city beautiful commission	8,100	8,100	6,608	1,492
Benham's Grove				
Personal services	142,676	142,676	135,725	6,951
Other expenses	115,258	115,258	93,230	22,028
Total Benham's Grove	257,934	257,934	228,955	28,979
Stubbs Park				
Other expenses	189,282	189,282	110,537	78,745
Total Stubbs Park	189,282	189,282	110,537	78,745
Total Expenses	12,186,151	12,317,151	11,370,287	946,864
Excess (deficiency) of revenues over expenditures	3,454,188	3,323,188	5,588,604	2,265,416
Other financing sources (uses):				
Transfers (out)	(3,635,000)	(4,735,000)	(4,829,000)	(94,000)
Total other financing sources (uses)	(3,635,000)	(4,735,000)	(4,829,000)	(94,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(180,812)	(1,411,812)	759,604	2,171,416
Fund balance at beginning of year	10,547,879	10,547,879	10,547,879	-
Fund balance at end of year	<u>\$ 10,367,067</u>	<u>\$ 9,136,067</u>	<u>\$ 11,307,483</u>	<u>\$ 2,171,416</u>

See accompanying notes to the required supplementary information.

City of Centerville, Ohio
 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, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 950,000	\$ 950,000	\$ 926,010	\$ (23,990)
Charges for services	3,000	3,000	2,959	(41)
Interest earned	3,000	3,000	2,075	(925)
Miscellaneous and reimbursements	5,500	5,500	5,000	(500)
Total revenues	<u>961,500</u>	<u>961,500</u>	<u>936,044</u>	<u>(25,456)</u>
Expenditures:				
Current:				
Transportation				
Personal services	1,713,142	1,713,142	1,650,750	62,392
Other expenses	561,977	561,977	521,769	40,208
Total transportation	<u>2,275,119</u>	<u>2,275,119</u>	<u>2,172,519</u>	<u>102,600</u>
Excess (deficiency) of revenues over expenditures	(1,313,619)	(1,313,619)	(1,236,475)	77,144
Other financing sources (uses):				
Transfers in	1,200,000	1,200,000	1,200,000	-
Total other financing sources (uses)	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(113,619)	(113,619)	(36,475)	77,144
Fund balance at beginning of year	<u>260,517</u>	<u>260,517</u>	<u>260,517</u>	<u>-</u>
Fund balance at end of year	<u>\$ 146,898</u>	<u>\$ 146,898</u>	<u>\$ 224,042</u>	<u>\$ 77,144</u>

See accompanying notes to the required supplementary information.

City of Centerville, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended December 31, 2011

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. The ending 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. BUDGETARY 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.
- (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 department level, which is broken out between personal services and other expenses. The appropriation measure may only be amended or supplemented during the year by

City of Centerville, Ohio

Notes to the Required Supplementary Information

For the Fiscal Year Ended December 31, 2011

(continued)

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, 2011.

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 is 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 an assignment of fund balance (GAAP).
- (4) Some funds are reported as part of the General Fund (GAAP basis) as opposed to the General Fund being reported alone (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

<u>Net Change in Fund Balance</u>	<u>General Fund</u>	<u>Street Construction and Maintenance Fund</u>
GAAP basis	\$ 745,688	(\$10,743)
Net adjustment for revenue accruals	26,874	(7,718)
Net adjustment for expenditure accruals	152,155	(5,969)
Net adjustment for encumbrances	(137,883)	(12,045)
Funds budgeted elsewhere	<u>(27,230)</u>	<u>0</u>
Budget basis	<u>\$ 759,604</u>	<u>(\$36,475)</u>





Combining Statements & Individual Fund Schedules



City of Centerville, Ohio

Fund Descriptions

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.

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.

Police Grants Fund. A fund provided to account for grants received for police services.

Non-Major Debt Service Fund

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.

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.

Capital Improvements Fund. A fund provided to account for capital projects detailed in the City's Five-Year Capital Improvement Program.

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.

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, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$748,491	\$52,674	\$2,760,746	\$3,561,911
Receivables (Net):				
Accounts	0	0	11,974	11,974
Intergovernmental	37,809	0	123,468	161,277
Inventory	9,707	0	0	9,707
Total Assets	796,007	52,674	2,896,188	3,744,869
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	635	0	14,647	15,282
Contracts Payable	0	0	103,922	103,922
Deferred Revenue	25,460	0	196,372	221,832
Total Liabilities	26,095	0	314,941	341,036
Fund Balances:				
Nonspendable	9,707	0	0	9,707
Restricted	760,205	0	402,505	1,162,710
Assigned	0	52,674	2,178,742	2,231,416
Total Fund Balances	769,912	52,674	2,581,247	3,403,833
Total Liabilities and Fund Balances	\$796,007	\$52,674	\$2,896,188	\$3,744,869

City of Centerville, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Fines, Licenses & Permits	\$771	\$0	\$0	\$771
Investment Earnings	7,436	723	13,097	21,256
Intergovernmental	407,306	0	465,120	872,426
Special Assessments	0	0	13,479	13,479
Other Revenues	13,152	0	26,830	39,982
Total Revenues	428,665	723	518,526	947,914
Expenditures:				
Current:				
General Government	0	0	14,647	14,647
Public Safety	297,748	0	0	297,748
Transportation	94,472	0	0	94,472
Capital Outlay	7,596	0	1,513,263	1,520,859
Debt Service:				
Principal	0	123,579	0	123,579
Interest and Other Charges	0	36,461	0	36,461
Total Expenditures	399,816	160,040	1,527,910	2,087,766
Excess of Revenues Over (Under) Expenditures	28,849	(159,317)	(1,009,384)	(1,139,852)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	1,000	1,000
Transfers In	0	165,000	1,100,000	1,265,000
Total Other Financing Sources (Uses)	0	165,000	1,101,000	1,266,000
Net Change in Fund Balance	28,849	5,683	91,616	126,148
Fund Balance Beginning of Year, Restated	734,268	46,991	2,489,631	3,270,890
Change in Reserve for Inventory	6,795	0	0	6,795
Fund Balance End of Year	\$769,912	\$52,674	\$2,581,247	\$3,403,833

City of Centerville, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	State Highway	Law Enforcement	Enforcement and Education	Drug Law	Police Grants	Total Nonmajor Special Revenue Funds
Assets:						
Equity in Pooled Cash and Investments	\$117,660	\$292,226	\$26,207	\$981	\$311,417	\$748,491
Receivables (Net):						
Intergovernmental	37,784	0	25	0	0	37,809
Inventory	9,707	0	0	0	0	9,707
Total Assets	165,151	292,226	26,232	981	311,417	796,007
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable	635	0	0	0	0	635
Deferred Revenue	25,460	0	0	0	0	25,460
Total Liabilities	26,095	0	0	0	0	26,095
Fund Balances:						
Nonspendable	9,707	0	0	0	0	9,707
Restricted	129,349	292,226	26,232	981	311,417	760,205
Total Fund Balances	139,056	292,226	26,232	981	311,417	769,912
Total Liabilities and Fund Balances	\$165,151	\$292,226	\$26,232	\$981	\$311,417	\$796,007

City of Centerville, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2011

	State Highway	Law Enforcement	Enforcement and Education	Drug Law	Police Grants	Total Nonmajor Special Revenue Funds
Revenues:						
Fines, Licenses & Permits	\$0	\$0	\$771	\$0	\$0	\$771
Investment Earnings	1,133	3,120	267	10	2,906	7,436
Intergovernmental	75,783	0	2,571	0	328,952	407,306
Other Revenues	0	13,152	0	0	0	13,152
Total Revenues	76,916	16,272	3,609	10	331,858	428,665
Expenditures:						
Current:						
Public Safety	0	272,399	4,908	0	20,441	297,748
Transportation	94,472	0	0	0	0	94,472
Capital Outlay	0	7,596	0	0	0	7,596
Total Expenditures	94,472	279,995	4,908	0	20,441	399,816
Net Change in Fund Balance	(17,556)	(263,723)	(1,299)	10	311,417	28,849
Fund Balance Beginning of Year, Restated	149,817	555,949	27,531	971	0	734,268
Change in Reserve for Inventory	6,795	0	0	0	0	6,795
Fund Balance End of Year	\$139,056	\$292,226	\$26,232	\$981	\$311,417	\$769,912

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
State Highway Fund
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 77,500	\$ 77,500	\$ 75,082	\$ (2,418)
Interest earned	<u>1,750</u>	<u>1,750</u>	<u>1,133</u>	<u>(617)</u>
Total revenues	79,250	79,250	76,215	(3,035)
Expenditures:				
Transportation				
Other expenses	<u>94,064</u>	<u>106,064</u>	<u>95,722</u>	<u>10,342</u>
Total expenditures	94,064	106,064	95,722	10,342
Excess (deficiency) of revenues over expenditures	(14,814)	(26,814)	(19,507)	7,307
Fund balance at beginning of year	<u>137,167</u>	<u>137,167</u>	<u>137,167</u>	-
Fund balance at end of year	<u>\$ 122,353</u>	<u>\$ 110,353</u>	<u>\$ 117,660</u>	<u>\$ 7,307</u>

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Law Enforcement Fund
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 3,000	\$ 3,000	\$ 3,120	\$ 120
Miscellaneous and reimbursements	<u>10,000</u>	<u>10,000</u>	<u>13,152</u>	<u>3,152</u>
Total revenues	13,000	13,000	16,272	3,272
Expenditures:				
Public Safety				
Other expenses	<u>121,350</u>	<u>121,350</u>	<u>274,735</u>	<u>(153,385)</u>
Total expenditures	121,350	121,350	274,735	(153,385)
Excess (deficiency) of revenues over expenditures	(108,350)	(108,350)	(258,463)	(150,113)
Fund balance at beginning of year	<u>550,690</u>	<u>550,690</u>	<u>550,690</u>	-
Fund balance at end of year	<u>\$ 442,340</u>	<u>\$ 442,340</u>	<u>\$ 292,227</u>	<u>\$ (150,113)</u>

City of Centerville, Ohio
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, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Fines, licenses, and permits	\$ 1,000	\$ 1,000	\$ 1,033	\$ 33
Interest earned	400	400	267	(133)
Miscellaneous and reimbursements	<u>2,500</u>	<u>2,500</u>	<u>2,572</u>	<u>72</u>
Total revenues	3,900	3,900	3,872	(28)
Expenditures:				
Public Safety				
Other expenses	<u>10,000</u>	<u>10,000</u>	<u>4,963</u>	<u>5,037</u>
Total expenditures	10,000	10,000	4,963	5,037
Excess (deficiency) of revenues over expenditures	(6,100)	(6,100)	(1,091)	5,009
Fund balance at beginning of year	<u>27,301</u>	<u>27,301</u>	<u>27,301</u>	<u>-</u>
Fund balance at end of year	<u>\$ 21,201</u>	<u>\$ 21,201</u>	<u>\$ 26,210</u>	<u>\$ 5,009</u>

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Drug Law Fund
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 20	\$ 20	\$ 10	\$ (10)
Total revenues	<u>20</u>	<u>20</u>	<u>10</u>	<u>(10)</u>
Expenditures:				
Public Safety				
Other expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	20	20	10	(10)
Fund balance at beginning of year	<u>971</u>	<u>971</u>	<u>971</u>	<u>-</u>
Fund balance at end of year	<u>\$ 991</u>	<u>\$ 991</u>	<u>\$ 981</u>	<u>\$ (10)</u>

Schedule of Revenue, Expenditures, & Changes in Fund Balances -
 Budget and Actual - Budgetary (Non-GAAP) Basis
 Police Grants Fund
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ 328,952	\$ 328,952
Interest earned	-	-	2,906	2,906
Total revenues	-	-	331,858	331,858
Expenditures:				
Public Safety				
Other expenses	-	50,000	20,441	29,559
Total expenditures	-	50,000	20,441	29,559
Excess (deficiency) of revenues over expenditures	-	(50,000)	311,417	361,417
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ (50,000)	\$ 311,417	\$ 361,417

City of Centerville, Ohio
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, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 800	\$ 800	\$ 723	\$ (77)
Total revenues	800	800	723	(77)
Expenditures:				
Debt service	160,040	160,040	160,039	1
Total expenditures	160,040	160,040	160,039	1
Excess (deficiency) of revenues over expenditures	(159,240)	(159,240)	(159,316)	(76)
Other financing sources (uses):				
Transfers in	165,000	165,000	165,000	-
Total other financing sources (uses)	165,000	165,000	165,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	5,760	5,760	5,684	(76)
Fund balance at beginning of year	46,992	46,992	46,992	-
Fund balance at end of year	<u>\$ 52,752</u>	<u>\$ 52,752</u>	<u>\$ 52,676</u>	<u>\$ (76)</u>

City of Centerville, Ohio
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, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 7,000	\$ 7,000	\$ 5,448	\$ (1,552)
Special assessments	615,821	615,821	598,931	(16,890)
Total revenues	622,821	622,821	604,379	(18,442)
Expenditures:				
Debt service	614,067	614,067	610,458	3,609
Total expenditures	614,067	614,067	610,458	3,609
Excess (deficiency) of revenues over expenditures	8,754	8,754	(6,079)	(14,833)
Fund balance at beginning of year	312,916	312,916	312,916	-
Fund balance at end of year	<u>\$ 321,670</u>	<u>\$ 321,670</u>	<u>\$ 306,837</u>	<u>\$ (14,833)</u>

City of Centerville, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011

	Capital Improvements	Capital Equipment Purchase	Special Assessment Improvements	Total Nonmajor Capital Projects Funds
Assets:				
Equity in Pooled Cash and Investments	\$2,161,914	\$196,327	\$402,505	\$2,760,746
Receivables (Net):				
Accounts	11,974	0	0	11,974
Intergovernmental	123,468	0	0	123,468
Total Assets	2,297,356	196,327	402,505	2,896,188
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	7,413	7,234	0	14,647
Contracts Payable	100,959	2,963	0	103,922
Deferred Revenue	196,372	0	0	196,372
Total Liabilities	304,744	10,197	0	314,941
Fund Balances:				
Restricted	0	0	402,505	402,505
Assigned	1,992,612	186,130	0	2,178,742
Total Fund Balances	1,992,612	186,130	402,505	2,581,247
Total Liabilities and Fund Balances	\$2,297,356	\$196,327	\$402,505	\$2,896,188

City of Centerville, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended December 31, 2011

	Capital Improvements	Capital Equipment Purchase	Special Assessment Improvements	Total Nonmajor Capital Projects Funds
Revenues:				
Investment Earnings	\$5,637	\$2,234	\$5,226	\$13,097
Intergovernmental	465,120	0	0	465,120
Special Assessments	0	0	13,479	13,479
Other Revenues	26,830	0	0	26,830
Total Revenues	497,587	2,234	18,705	518,526
Expenditures:				
Current:				
General Government	7,413	7,234	0	14,647
Capital Outlay	1,251,039	111,868	150,356	1,513,263
Total Expenditures	1,258,452	119,102	150,356	1,527,910
Excess of Revenues Over (Under) Expenditures	(760,865)	(116,868)	(131,651)	(1,009,384)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	1,000	0	0	1,000
Transfers In	1,000,000	100,000	0	1,100,000
Total Other Financing Sources (Uses)	1,001,000	100,000	0	1,101,000
Net Change in Fund Balance	240,135	(16,868)	(131,651)	91,616
Fund Balance Beginning of Year	1,752,477	202,998	534,156	2,489,631
Fund Balance End of Year	\$1,992,612	\$186,130	\$402,505	\$2,581,247

City of Centerville, Ohio
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, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 2,200	\$ 2,200	\$ 2,234	\$ 34
Sale of property	-	-	-	-
Total revenues	<u>2,200</u>	<u>2,200</u>	<u>2,234</u>	<u>34</u>
Expenditures:				
General Government				
Other expenses	<u>287,421</u>	<u>287,421</u>	<u>170,098</u>	<u>117,323</u>
Total expenditures	<u>287,421</u>	<u>287,421</u>	<u>170,098</u>	<u>117,323</u>
Excess (deficiency) of revenues over expenditures	(285,221)	(285,221)	(167,864)	117,357
Other financing sources (uses):				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(185,221)	(185,221)	(67,864)	117,357
Fund balance at beginning of year	<u>204,332</u>	<u>204,332</u>	<u>204,332</u>	<u>-</u>
Fund balance at end of year	<u>\$ 19,111</u>	<u>\$ 19,111</u>	<u>\$ 136,468</u>	<u>\$ 117,357</u>

City of Centerville, Ohio
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, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 3,000	\$ 3,000	\$ 13,479	\$ 10,479
Interest earned	<u>7,000</u>	<u>7,000</u>	<u>5,226</u>	<u>(1,774)</u>
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>18,705</u>	<u>8,705</u>
Expenditures:				
General Government				
Other expenses	<u>117,000</u>	<u>167,000</u>	<u>150,356</u>	<u>16,644</u>
Total expenditures	<u>117,000</u>	<u>167,000</u>	<u>150,356</u>	<u>16,644</u>
Excess (deficiency) of revenues over expenditures	(107,000)	(157,000)	(131,651)	25,349
Fund balance at beginning of year	<u>534,158</u>	<u>534,158</u>	<u>534,158</u>	<u>-</u>
Fund balance at end of year	<u>\$ 427,158</u>	<u>\$ 377,158</u>	<u>\$ 402,507</u>	<u>\$ 25,349</u>

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Capital Improvements Fund
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 781,251	\$ 781,251	\$ 728,580	\$ (52,671)
Interest earned	50,000	50,000	22,446	(27,554)
Sale of property	-	-	1,000	1,000
Miscellaneous and reimbursements	35,068	35,068	14,856	(20,212)
Total revenues	<u>866,319</u>	<u>866,319</u>	<u>766,882</u>	<u>(99,437)</u>
Expenditures:				
General Government				
Other expenses	<u>3,424,810</u>	<u>3,424,810</u>	<u>2,086,605</u>	<u>1,338,205</u>
Total expenditures	<u>3,424,810</u>	<u>3,424,810</u>	<u>2,086,605</u>	<u>1,338,205</u>
Excess (deficiency) of revenues over expenditures	(2,558,491)	(2,558,491)	(1,319,723)	1,238,768
Other financing sources (uses):				
Transfers in	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,558,491)	(1,558,491)	(319,723)	1,238,768
Fund balance at beginning of year	<u>2,107,952</u>	<u>2,107,952</u>	<u>2,107,952</u>	<u>-</u>
Fund balance at end of year	<u>\$ 549,461</u>	<u>\$ 549,461</u>	<u>\$ 1,788,229</u>	<u>\$ 1,238,768</u>

City of Centerville, Ohio

Fund Descriptions

Other General Funds

With the implementation of GASB Statement Number 54, certain funds that the City prepares legally adopted budgets for no longer meet the definition to be reported as Special Revenue funds and have been included with the General Fund in the governmental fund financial statements. The City has only presented the budget schedules for these funds.

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, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Friends of Benham's Grove Fund ¹
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 250	\$ 250	\$ 100	\$ (150)
Miscellaneous and reimbursements	<u>5,700</u>	<u>5,700</u>	<u>4,897</u>	<u>(803)</u>
Total revenues	5,950	5,950	4,997	(953)
Expenditures:				
Recreation				
Other expenses	<u>14,600</u>	<u>14,600</u>	<u>8,868</u>	<u>5,732</u>
Total expenditures	14,600	14,600	8,868	5,732
Excess (deficiency) of revenues over expenditures	(8,650)	(8,650)	(3,871)	4,779
Fund balance at beginning of year	<u>13,321</u>	<u>13,321</u>	<u>13,321</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,671</u>	<u>\$ 4,671</u>	<u>\$ 9,450</u>	<u>\$ 4,779</u>

(1) This fund is combined with the General Fund in GAAP statements.

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Hospital Insurance Fund ¹
For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 650	\$ 650	\$ 253	\$ (397)
Total revenues	650	650	253	(397)
Expenditures:				
General Government				
Personal services	<u>24,300</u>	<u>24,300</u>	<u>24,300</u>	<u>-</u>
Total expenditures	24,300	24,300	24,300	-
Excess (deficiency) of revenues over expenditures	(23,650)	(23,650)	(24,047)	(397)
Fund balance at beginning of year	<u>37,883</u>	<u>37,883</u>	<u>37,883</u>	<u>-</u>
Fund balance at end of year	<u>\$ 14,233</u>	<u>\$ 14,233</u>	<u>\$ 13,836</u>	<u>\$ (397)</u>

(1) This fund is combined with the General Fund in GAAP statements.

City of Centerville, Ohio
 Schedule of Revenue, Expenditures, & Changes in Fund Balances -
 Budget and Actual - Budgetary (Non-GAAP) Basis
 Police Operations Project Fund ¹
 For the Year Ended December 31, 2011

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 1,000	\$ 1,000	\$ 688	\$ (312)
Total revenues	<u>1,000</u>	<u>1,000</u>	688	(312)
Expenditures:				
Public Safety				
Other expenses	<u>2,000</u>	<u>2,000</u>	-	<u>2,000</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	-	<u>2,000</u>
Excess (deficiency) of revenues over expenditures	(1,000)	(1,000)	688	1,688
Fund balance at beginning of year	<u>68,149</u>	<u>68,149</u>	<u>68,149</u>	<u>-</u>
Fund balance at end of year	<u>\$ 67,149</u>	<u>\$ 67,149</u>	<u>\$ 68,837</u>	<u>\$ 1,688</u>

(1) This fund is combined with the General Fund in GAAP statements.

City of Centerville, Ohio
Combining Statement of Net Assets
Internal Service Funds
December 31, 2011

	Central Vehicle Purchase	Insurance Deductible	Total Internal Service Funds
Current Assets:			
Equity in Pooled Cash and Investments	\$892,675	\$8,932	\$901,607
Receivables (Net):			
Accounts	<u>0</u>	<u>545</u>	<u>545</u>
Total Current Assets	<u>892,675</u>	<u>9,477</u>	<u>902,152</u>
Depreciable Capital Assets, Net	<u>1,080,413</u>	<u>0</u>	<u>1,080,413</u>
Total Noncurrent Assets	<u>1,080,413</u>	<u>0</u>	<u>1,080,413</u>
Total Assets	<u>1,973,088</u>	<u>9,477</u>	<u>1,982,565</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	<u>600</u>	<u>7,894</u>	<u>8,494</u>
Total Liabilities	<u>600</u>	<u>7,894</u>	<u>8,494</u>
Net Assets:			
Invested in Capital Assets	1,080,413	0	1,080,413
Unrestricted	<u>892,075</u>	<u>1,583</u>	<u>893,658</u>
Total Net Assets	<u><u>\$1,972,488</u></u>	<u><u>\$1,583</u></u>	<u><u>\$1,974,071</u></u>

City of Centerville, Ohio
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended December 31, 2011

	Central Vehicle Purchase	Insurance Deductible	Total Internal Service Funds
Operating Revenues:			
Charges for Services	\$296,640	\$0	\$296,640
Other Revenues	0	28,552	28,552
Total Operating Revenues	<u>296,640</u>	<u>28,552</u>	<u>325,192</u>
Operating Expenses:			
Purchased Services	0	79,807	79,807
Supplies and Materials	3,986	0	3,986
Other Expenses	0	28,136	28,136
Depreciation	282,514	0	282,514
Total Operating Expenses	<u>286,500</u>	<u>107,943</u>	<u>394,443</u>
Operating Income (Loss)	<u>10,140</u>	<u>(79,391)</u>	<u>(69,251)</u>
Non-Operating Revenues (Expenses):			
Interest (Expense)	0	0	0
Gain (Loss) on Disposal of Capital Assets	21,205	0	21,205
Total Non-Operating Revenues (Expenses)	<u>30,144</u>	<u>415</u>	<u>30,559</u>
Change in Net Assets	40,284	(78,976)	(38,692)
Net Assets Beginning of Year	<u>1,932,204</u>	<u>80,559</u>	<u>2,012,763</u>
Net Assets End of Year	<u><u>\$1,972,488</u></u>	<u><u>\$1,583</u></u>	<u><u>\$1,974,071</u></u>

City of Centerville, Ohio
Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended December 31, 2011

	Central Vehicle Purchase	Insurance Deductible	Total Internal Service Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$296,640	\$28,113	\$324,753
Cash Payments to Suppliers	(3,636)	(101,145)	(104,781)
Net Cash Provided (Used) by Operating Activities	<u>293,004</u>	<u>(73,032)</u>	<u>219,972</u>
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(225,382)	0	(225,382)
Proceeds on the Disposal of Capital Assets	21,205	0	21,205
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(204,177)</u>	<u>0</u>	<u>(204,177)</u>
Cash Flows from Investing Activities:			
Earnings on Investments	8,939	415	9,354
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>8,939</u>	<u>415</u>	<u>9,354</u>
Net Increase (Decrease) in Cash and Cash Equivalents	97,766	(72,617)	25,149
Cash and Cash Equivalents Beginning of Year	794,909	81,549	876,458
Cash and Cash Equivalents End of Year	<u>892,675</u>	<u>8,932</u>	<u>901,607</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	10,140	(79,391)	(69,251)
Adjustments:			
Depreciation	282,514	0	282,514
Changes in Assets & Liabilities:			
(Increase) Decrease in Receivables	0	(439)	(439)
Increase (Decrease) in Payables	350	6,798	7,148
Net Cash Provided (Used) by Operating Activities	<u>\$293,004</u>	<u>(\$73,032)</u>	<u>\$219,972</u>

City of Centerville, Ohio
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended December 31, 2011

	Agency Fund			
	Beginning Balance	Additions	Deductions	Ending Balance
Assets:				
Equity in Pooled Cash and Investments	\$101,477	\$233,650	\$194,263	\$140,864
Prepaid Items	<u>2,444</u>	<u>4,589</u>	<u>2,444</u>	<u>4,589</u>
Total Assets	<u><u>103,921</u></u>	<u><u>238,239</u></u>	<u><u>196,707</u></u>	<u><u>145,453</u></u>
Liabilities:				
Accounts Payable	4,884	6,352	4,884	6,352
Undistributed Monies	<u>99,037</u>	<u>231,887</u>	<u>191,823</u>	<u>139,101</u>
Total Liabilities	<u><u>\$103,921</u></u>	<u><u>\$238,239</u></u>	<u><u>\$196,707</u></u>	<u><u>\$145,453</u></u>





Statistical Section



City of Centerville, Ohio
Statistical Section

This part of the City'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

Financial Trends (Schedules 1-4)

These schedules contain trend information to help the reader understand how the City's financial position has changed over time.

Revenue Capacity (Schedules 5-6)

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

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.

Economic and Demographic 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.

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.

Sources

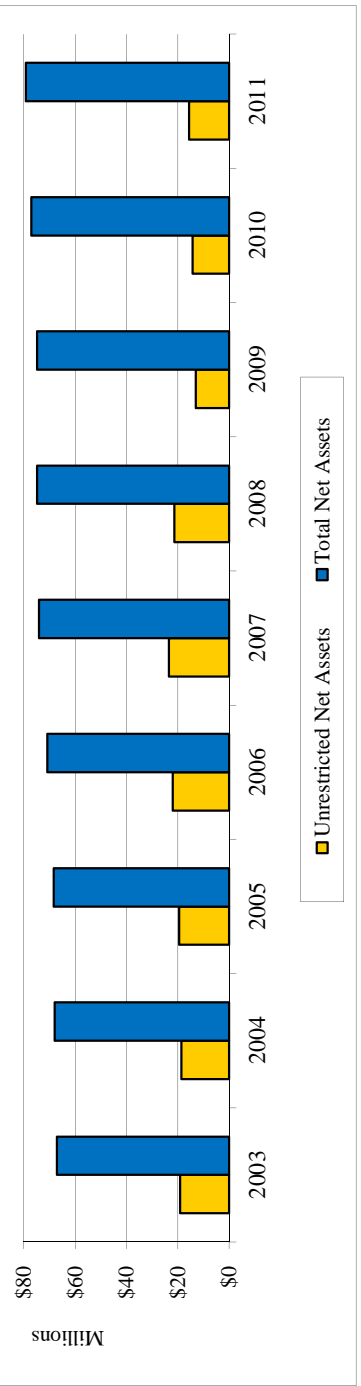
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that fiscal year.



Schedule 1

**City of Centerville, Ohio
Net Assets by Component
Last Nine Fiscal Years
(accrual basis of accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental activities:									
Invested in capital assets, net of related debt	\$ 12,654,880	\$ 14,431,202	\$ 14,775,382	\$ 15,524,569	\$ 17,894,980	\$ 19,613,962	\$ 24,604,731	\$ 40,098,262	\$ 39,255,568
Restricted for:									
Debt service	15,546,088	14,916,292	14,306,322	13,690,958	13,093,661	13,763,510	12,838,506	11,317,869	10,699,441
Capital projects	0	0	0	0	0	0	4,279,014	2,508,376	2,599,955
Other purposes	574,908	751,436	603,476	766,613	947,245	1,183,477	1,259,487	1,447,734	1,397,997
Unrestricted	18,481,736	18,224,011	19,211,760	21,559,415	22,839,677	21,085,466	12,788,888	13,822,659	15,443,474
Total governmental activities net assets	47,257,612	48,322,941	48,896,940	51,541,555	54,775,563	55,646,415	55,770,626	69,194,900	69,396,435
Business-type activities:									
Invested in capital assets, net of related debt	19,150,434	19,182,647	19,032,210	18,882,237	18,703,791	18,902,761	18,746,671	6,192,798	9,252,994
Restricted for:									
Debt service	0	0	0	0	0	0	0	1,291,866	319,734
Unrestricted	656,116	440,828	342,297	439,425	604,615	292,921	251,398	421,897	204,199
Total business-type activities net assets	19,806,550	19,623,475	19,374,507	19,321,662	19,308,406	19,195,682	18,998,069	7,906,561	9,776,927
Total									
Invested in capital assets, net of related debt	31,805,314	33,613,849	33,807,592	34,406,806	36,598,771	38,516,723	43,351,402	46,291,060	48,508,562
Restricted for:									
Debt service	0	0	0	0	0	0	4,279,014	2,508,376	2,599,955
Capital projects	15,546,088	14,916,292	14,306,322	13,690,958	13,093,661	13,763,510	12,838,506	12,609,735	11,019,175
Other purposes	574,908	751,436	603,476	766,613	947,245	1,183,477	1,259,487	1,447,734	1,397,997
Unrestricted	19,137,852	18,664,839	19,554,057	21,998,840	23,444,292	21,378,387	13,040,286	14,244,556	15,647,673
Total net assets	\$ 67,064,162	\$ 67,946,416	\$ 68,271,447	\$ 70,863,217	\$ 74,083,969	\$ 74,842,097	\$ 74,768,695	\$ 77,101,461	\$ 79,173,362



Source: City of Centerville, Ohio, Finance Department

Schedule 2

**City of Centerville, Ohio
Changes in Net Assets
Last Nine Fiscal Years
(accrual basis of accounting)**

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Expenses									
Governmental activities:									
General government	\$ 5,233,702	\$ 4,280,576	\$ 4,874,691	\$ 4,654,614	\$ 5,654,478	\$ 5,058,930	\$ 5,325,348	\$ 4,527,738	\$ 4,920,870
Public safety	5,067,412	5,296,904	5,478,545	5,760,988	5,929,666	6,696,189	6,380,789	6,453,724	6,814,464
Community environment	226,539	225,372	236,856	258,913	269,732	279,440	318,856	311,971	264,650
Recreation	337,779	371,276	374,091	460,627	340,320	346,219	449,597	305,028	308,379
Transportation	3,132,375	3,158,165	3,331,467	3,515,160	3,564,160	3,755,978	3,810,418	4,605,002	4,233,694
Cost of lots	0	0	0	0	0	0	0	0	0
Interest and other charges	1,058,305	1,260,351	1,233,977	1,207,117	1,180,046	1,166,734	1,122,739	404,629	386,256
Total governmental activities expenses	15,056,112	14,592,644	15,529,627	15,857,419	16,938,402	17,303,490	17,407,747	16,608,092	16,928,313
Business-type activities:									
Waste collection	1,232,981	1,242,631	1,301,490	1,205,575	1,231,440	1,313,378	1,269,212	1,373,087	1,634,734
Golf course*	3,924,753	3,957,023	3,772,661	4,030,721	4,036,938	4,068,620	3,912,575	3,878,151	3,681,797
Golf course equipment purchases*	126,307	162,761	127,381	150,057	134,794	23,874	264,021	0	0
Total business-type activities expenses	5,284,041	5,362,415	5,201,532	5,386,353	5,403,172	5,405,872	5,445,808	5,251,238	5,316,531
Total expenses	\$ 20,340,153	\$ 19,955,059	\$ 20,731,159	\$ 21,243,772	\$ 22,341,574	\$ 22,709,362	\$ 22,853,555	\$ 21,859,330	\$ 22,244,844
Program revenues									
Governmental activities:									
General government	\$ 1,049,807	\$ 1,085,680	\$ 1,269,645	\$ 1,616,115	\$ 2,563,768	\$ 1,899,923	\$ 1,807,830	\$ 1,142,745	\$ 1,175,710
Public safety	208,623	243,912	257,037	284,350	220,194	183,639	115,415	446,149	475,204
Community environment	100,120	200,857	100	0	100	0	0	0	0
Recreation	122,699	183,670	165,080	215,775	154,566	137,681	142,969	151,487	150,526
Transportation	1,076,721	1,145,370	1,225,852	1,151,774	1,324,464	1,094,854	990,740	1,512,741	1,010,827
Total governmental activities program revenues	2,557,970	2,859,489	2,917,714	3,268,014	4,263,092	3,316,097	3,056,954	3,253,122	2,812,267
Business-type activities:									
Waste collection	1,083,707	1,098,132	1,115,830	1,327,914	1,335,906	1,364,427	1,355,461	1,349,642	1,370,233
Golf course*	3,500,997	3,476,082	3,285,079	3,423,346	3,805,475	3,632,659	3,513,628	3,647,031	3,432,372
Golf course equipment purchases*	119,600	120,200	129,370	129,460	101,637	148,740	205,266	0	0
Total business-type activities program revenues	4,704,304	4,694,414	4,530,279	4,880,720	5,243,018	5,145,826	5,074,355	4,996,673	4,802,605
Total program revenues	\$ 7,262,274	\$ 7,553,903	\$ 7,447,993	\$ 8,148,734	\$ 9,506,110	\$ 8,461,923	\$ 8,131,309	\$ 8,249,795	\$ 7,614,872

* In 2010, the golf course equipment purchase fund and golf course debt retirement fund were combined into the golf course fund.

Schedule 2 (continued)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Net (Expense) Revenue									
Governmental activities:									
General government	\$ (4,183,895)	\$ (3,194,896)	\$ (3,605,046)	\$ (3,038,499)	\$ (3,090,710)	\$ (3,159,007)	\$ (3,517,518)	\$ (3,384,993)	\$ (3,745,160)
Public safety	(4,858,789)	(5,052,992)	(5,221,508)	(5,476,638)	(5,709,472)	(6,512,550)	(6,265,374)	(6,007,575)	(6,339,260)
Community environment	(126,419)	(24,515)	(236,756)	(258,913)	(269,632)	(279,440)	(318,856)	(311,971)	(264,650)
Recreation	(215,080)	(187,606)	(209,011)	(244,852)	(185,754)	(208,538)	(306,628)	(153,541)	(157,853)
Transportation	(2,055,654)	(2,012,795)	(2,105,615)	(2,363,386)	(2,239,696)	(2,661,124)	(2,819,678)	(3,092,261)	(3,222,867)
Interest and other charges	(1,058,305)	(1,260,351)	(1,233,977)	(1,207,117)	(1,180,046)	(1,166,734)	(1,122,739)	(404,629)	(386,256)
Total governmental activities	(12,498,142)	(11,733,155)	(12,611,913)	(12,589,405)	(12,675,310)	(13,987,393)	(14,350,793)	(13,354,970)	(14,116,046)
Business-type activities:									
Waste collection	(149,274)	(144,499)	(185,660)	122,339	104,466	51,049	86,249	(23,445)	(264,501)
Golf course operations	(423,756)	(480,941)	(487,582)	(607,375)	(231,463)	(435,961)	(398,947)	(231,120)	(249,425)
Golf course equipment purchases	(6,707)	(42,561)	1,989	(20,597)	(33,157)	124,866	(58,755)	0	0
Total business-type activities	(579,737)	(668,001)	(671,253)	(505,633)	(160,154)	(260,046)	(371,453)	(254,565)	(513,926)
Total Net Expense	\$ (13,077,879)	\$ (12,401,156)	\$ (13,283,166)	\$ (13,095,038)	\$ (12,835,464)	\$ (14,247,439)	\$ (14,722,246)	\$ (13,609,535)	\$ (14,629,972)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes:									
Income taxes	9,236,374	9,590,830	10,166,320	10,173,958	10,631,431	10,727,974	10,675,126	11,044,385	12,109,247
Property taxes	1,284,929	1,135,886	1,219,582	1,412,800	1,425,970	1,408,488	1,422,543	1,375,916	1,552,250
Estate taxes	963,872	983,949	843,903	1,361,063	1,372,484	1,797,828	954,495	1,602,523	1,329,517
Unrestricted Grants and contributions	943,425	870,889	875,005	900,997	970,556	828,058	1,092,388	1,605,345	1,170,041
Investment earnings	131,640	546,099	367,854	950,724	1,317,758	843,798	280,848	142,867	169,851
Gain on sale/disposal of capital assets	600,529	58,970	84,359	65,752	2,400	0	0	0	0
Miscellaneous	116,076	11,861	38,889	41,404	288,719	112,576	199,604	137,595	350,675
Special item: insurance settlement	0	0	0	777,322	0	0	0	0	0
Transfers	(235,000)	(400,000)	(410,000)	(450,000)	(100,000)	(97,500)	(150,000)	(1,384,000)	(2,364,000)
Total governmental activities	13,041,845	12,798,484	13,185,912	15,234,020	15,909,318	15,621,222	14,475,004	14,524,631	14,317,581
Business-type activities:									
Unrestricted Grants and contributions	0	63,126	0	0	0	0	0	0	0
Investment earnings	4,088	21,800	8,961	20,703	46,898	44,820	13,314	27,234	20,292
Gain on sale/disposal of capital assets	(48,546)	0	3,324	(17,915)	0	5,002	10,526	6,436	0
Transfers	235,000	400,000	410,000	450,000	100,000	97,500	150,000	1,384,000	2,364,000
Total business-type activities	\$ 190,542	\$ 484,926	\$ 422,285	\$ 452,788	\$ 146,898	\$ 147,322	\$ 173,840	\$ 1,417,670	\$ 2,384,292
Total	13,232,387	13,283,410	13,608,197	15,686,808	16,056,216	15,768,544	14,648,844	15,942,301	16,701,873
Changes in Net Assets									
Governmental activities	\$ 543,703	\$ 1,065,329	\$ 573,999	\$ 2,644,615	\$ 3,234,008	\$ 1,633,829	\$ 124,211	\$ 1,169,661	\$ 201,535
Business-type activities	(389,195)	(183,075)	(248,968)	(52,845)	(13,256)	(112,724)	-197,613	116,3105	1,870,366
Total	154,508	882,254	325,031	2,591,770	3,220,752	1,521,105	-73,402	233,2766	2,071,901

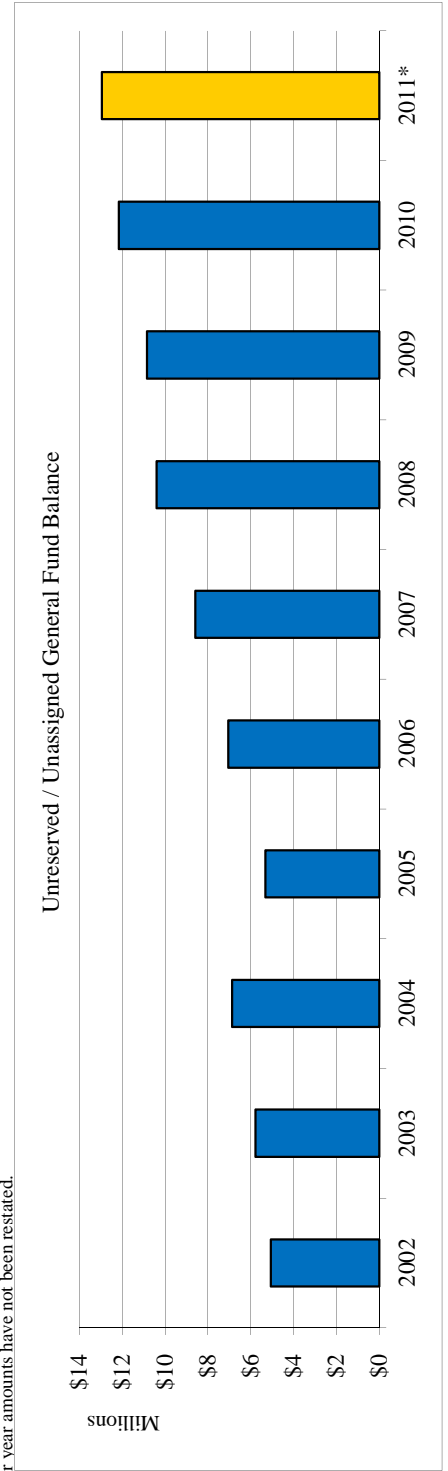
* In 2010, the golf course equipment purchase fund and golf course debt retirement fund were combined into the golf course fund.

Schedule 3

City of Centerville, Ohio
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011*
General Fund										
Reserved	\$ 388,922	\$ 248,813	\$ 110,501	\$ 255,737	\$ 151,982	\$ 205,300	\$ 191,363	\$ 100,483	\$ 84,567	
Unreserved	5,059,946	5,780,314	6,864,596	5,312,952	7,051,787	8,594,722	10,389,316	10,838,298	12,161,229	
Nonspendable										86,327
Restricted										0
Committed										0
Assigned										66,051
Unassigned										12,959,459
Total general fund	\$ 5,837,790	\$ 6,277,940	\$ 7,085,598	\$ 5,824,426	\$ 7,355,751	\$ 9,005,322	\$ 10,772,042	\$ 11,039,264	\$ 12,330,363	\$ 13,111,837
All Other Governmental Funds										
Reserved	\$ 4,520,486	\$ 5,301,641	\$ 3,784,779	\$ 3,740,832	\$ 4,091,514	\$ 3,824,525	\$ 3,529,890	\$ 4,495,864	\$ 968,953	
Unreserved, reported in:										
Designated for capital projects	2,000,000	3,000,000	4,000,000	5,000,000	6,000,000	6,000,000	6,000,000	0	0	
Special revenue funds	838,277	686,461	902,768	694,918	848,605	1,014,034	715,552	830,407	1,146,445	
Debt service funds	0	0	0	0	0	0	0	0	588,674	
Capital projects funds	4,496,294	2,489,212	1,749,357	3,055,995	2,799,194	2,287,572	1,092,947	1,629,839	1,938,885	
Nonspendable										97,671
Restricted										2,369,702
Committed										0
Assigned										2,231,416
Unassigned										0
Total all other governmental funds	\$ 16,375,543	\$ 16,778,955	\$ 14,221,683	\$ 16,232,577	\$ 17,830,827	\$ 16,950,656	\$ 14,868,279	\$ 11,451,974	\$ 5,611,910	\$ 4,698,789

* GASB Statement Number 54 implemented in 2011. Prior year amounts have not been restated.



Schedule 4

City of Centerville, Ohio
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

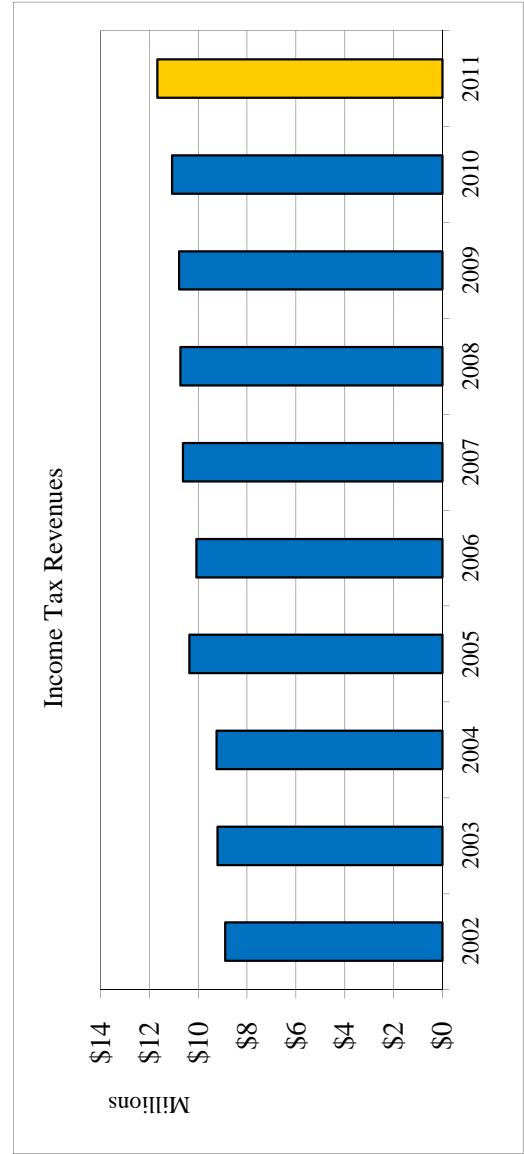
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues:										
Local taxes	\$ 11,408,207	\$ 11,625,368	\$ 11,898,470	\$ 11,281,802	\$ 11,672,492	\$ 11,805,299	\$ 12,141,850	\$ 12,205,328	\$ 12,415,470	\$ 13,139,217
Intergovernmental revenue	2,560,085	1,940,402	2,329,184	3,230,729	4,069,897	5,261,646	4,579,295	3,859,680	5,691,747	4,404,979
Special assessments	657,154	667,587	637,844	650,196	631,384	626,432	639,090	611,434	653,430	645,114
Charges for services	44,870	26,269	36,621	42,539	45,898	52,126	56,023	244,532	286,024	311,042
Fines, licenses and permits	288,950	310,452	323,679	263,954	321,698	283,277	233,597	193,744	239,551	420,750
Investment income	717,045	94,140	520,173	368,414	922,811	1,292,551	899,298	245,371	188,225	164,604
Lot sales	865,775	646,128	52,963	84,359	25,752	0	0	0	0	0
Rent	592,902	728,240	824,160	829,570	819,045	819,395	824,253	826,908	0	0
Other revenue	325,012	314,790	243,138	256,104	1,124,521	523,943	289,502	194,941	475,595	350,464
Total revenues	17,460,000	16,353,376	16,866,232	17,007,667	19,633,498	20,664,669	19,662,908	18,381,938	19,950,042	19,436,170
Expenditures:										
Current:										
General government	4,261,860	4,675,143	4,174,281	4,622,845	4,525,068	4,746,269	4,828,726	4,994,283	4,357,833	4,585,005
Public safety	4,736,661	4,916,423	5,119,241	5,196,048	5,570,795	5,714,067	6,294,673	5,983,254	6,060,143	6,417,524
Community environment	228,481	229,265	223,763	222,122	251,189	268,817	275,363	311,352	289,572	289,791
Recreation	353,670	339,476	473,920	323,295	418,667	283,056	284,971	398,661	251,645	247,852
Transportation	1,458,064	1,584,698	1,590,739	1,663,746	1,782,635	1,913,893	2,174,233	2,167,538	2,759,094	2,248,977
Cost of lots	171,111	0	0	0	0	0	0	0	0	0
Capital outlay	3,427,992	2,953,958	2,820,757	2,243,254	1,667,499	4,547,690	3,691,297	6,307,488	4,179,368	1,675,639
Debt service:										
Principal	588,464	349,293	944,382	970,653	964,507	976,706	1,010,299	1,057,956	352,196	357,579
Interest and other charges	1,428,976	1,073,865	1,213,589	1,187,271	1,160,490	1,133,500	1,111,923	1,068,124	396,992	381,753
Total expenditures	16,655,279	16,122,121	16,560,672	16,429,234	16,340,850	19,583,998	19,671,485	22,288,656	18,646,843	16,204,120
Excess (deficiency) of revenues Over (Under) expenditures	804,721	231,255	305,560	578,433	3,292,648	1,080,671	(8,577)	(3,906,718)	1,303,199	3,232,050
Other Financing Sources (Uses):										
Transfers in	5,374,093	2,600,000	2,350,000	4,500,000	2,525,000	2,625,000	2,700,000	2,919,501	2,465,000	2,465,000
Issuance of bonds	650,000	206,261	0	0	0	0	0	0	0	0
Sale of capital assets	0	0	0	480,000	40,000	2,400	21,825	23,221	1,755	1,000
Transfers out	(5,557,093)	(2,835,000)	(2,750,000)	(4,910,000)	(2,975,000)	(2,725,000)	(2,797,500)	(3,069,501)	(3,849,000)	(4,829,000)
Total other financing sources (uses)	467,000	(28,739)	(400,000)	70,000	(410,000)	(97,600)	(75,675)	(126,779)	(1,382,245)	(2,363,000)
Net change in fund balances	\$ 1,271,721	\$ 202,516	\$ (94,440)	\$ 648,433	\$ 2,882,648	\$ 983,071	\$ (84,252)	\$ (4,033,497)	\$ (79,046)	\$ 869,050
Debt service as a percentage of noncapital expenditures	20.11%	10.86%	15.81%	15.11%	14.61%	13.56%	13.90%	13.30%	5.29%	5.00%

City of Centerville, Ohio
Income Tax by Payer Type and Income Tax Rate
Last Ten Fiscal Years
(cash basis of accounting - excluding refunds)

Collection Year	Individual		Net Profits	Total	Income Tax Rate
	Withheld by Employer	Non-Withholding			
2002	6,269,119	1,811,472	818,649	8,899,240	1.75%
2003	6,540,595	1,890,745	785,037	9,216,377	1.75%
2004	6,514,163	1,871,115	865,552	9,250,830	1.75%
2005	6,943,943	2,195,418	1,226,959	10,366,320	1.75%
2006	6,835,183	2,012,139	1,226,857	10,074,179	1.75%
2007	7,463,667	1,969,654	1,197,889	10,631,210	1.75%
2008	7,430,109	2,097,410	1,205,843	10,733,362	1.75%
2009	7,447,029	2,034,358	1,301,398	10,782,785	1.75%
2010	7,659,730	2,014,851	1,396,973	11,071,554	1.75%
2011	8,189,169	1,456,369	2,036,033	11,681,571	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
Ranking of Top Ten Income Tax Withholders
Current Year and Nine Years Ago
(cash basis of accounting)

2011		2002	
Rank	Name	Rank	Name
1	Centerville Board of Education	1	Centerville Board of Education
2	Federal Government	2	Federal Government
3	Graceworks Lutheran Services ⁽¹⁾	3	Lutheran Social Services ⁽¹⁾
4	Miami Valley Hospital	4	Reed Elsevier, Inc.
5	Reed Elsevier, Inc.	7	Voss Auto Network, Inc.
6	City of Centerville	6	City of Centerville
7	Voss Auto Network, Inc.	8	Franciscan at St. Leonard
8	Franciscan at St. Leonard	-	Bob Ross Buick, Inc.
9	Huffy Corporation	-	National City Corporation
10	Fortis College	-	Dimco Gray Company

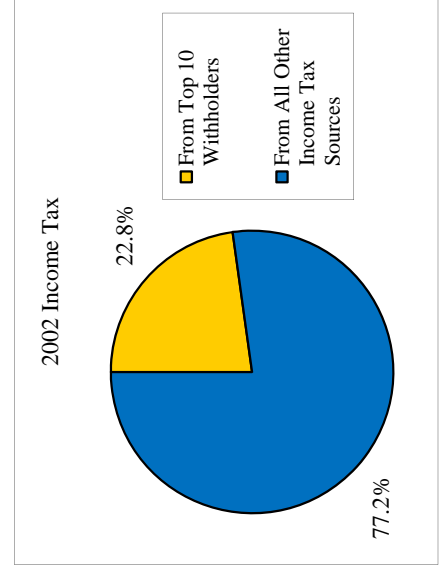
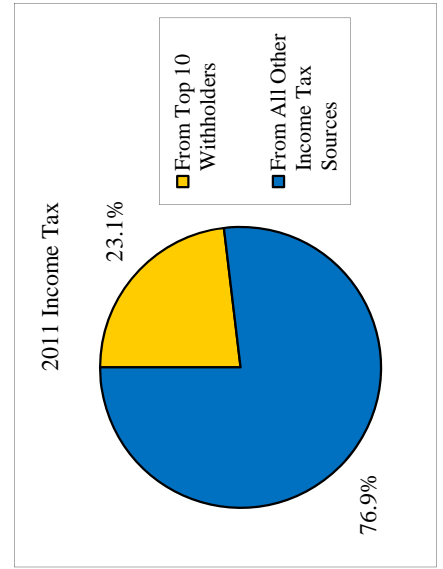
Combined percentage of total income taxes:
23.1%

Combined percentage of total income taxes:
22.8%

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.

⁽¹⁾ Formerly known as Lutheran Social Services; doing business as Bethany Lutheran Village.



Schedule 7

City of Centerville, Ohio
Ratios of Outstanding Debt and Legal Debt Margins
Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limitations										
Total Debt	\$ 501,634,521	\$ 560,038,783	\$ 572,029,090	\$ 594,051,037	\$ 640,660,845	\$ 646,331,552	\$ 648,037,838	\$ 657,190,800	\$ 663,560,290	\$ 650,509,860
Net Assessed Valuation	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
Legal Debt Limitation (%) ⁽¹⁾	52,671,625	58,804,072	60,063,054	62,375,359	67,269,389	67,864,813	68,043,973	69,005,034	69,673,830	68,303,535
Legal Debt Limitation (\$) ⁽¹⁾	0	0	0	0	0	0	814,034	795,078	756,882	718,303
City Debt Outstanding Applicable to Limitation	0	0	0	0	0	0	0	0	0	0
Less: Applicable Debt Service Fund Amounts	0	0	0	0	0	0	0	0	0	0
Net Indebtedness Subject to Limitation	0	0	0	0	0	0	814,034	795,078	756,882	718,303
Overall Legal Debt Margir	\$ 52,671,625	\$ 58,804,072	\$ 60,063,054	\$ 62,375,359	\$ 67,269,389	\$ 67,864,813	\$ 67,229,939	\$ 68,209,956	\$ 68,916,948	\$ 67,585,232

Uninvited Debt

Net Assessed Valuation	\$ 501,634,521	\$ 560,038,783	\$ 572,029,090	\$ 594,051,037	\$ 640,660,845	\$ 646,331,552	\$ 648,037,838	\$ 657,190,800	\$ 663,560,290	\$ 650,509,860
Legal Debt Limitation (%) ⁽¹⁾	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Legal Debt Limitation (\$) ⁽¹⁾	27,589,899	30,802,133	31,461,600	32,672,807	35,236,346	35,548,235	35,642,081	36,145,494	36,495,816	35,778,042
City Debt Outstanding Applicable to Limitation	0	0	0	0	0	0	814,034	795,078	756,882	718,303
Less: Applicable Debt Service Fund Amounts	0	0	0	0	0	0	0	0	0	0
Net Indebtedness Subject to Limitation	0	0	0	0	0	0	814,034	795,078	756,882	718,303
Overall Legal Debt Margir	\$ 27,589,899	\$ 30,802,133	\$ 31,461,600	\$ 32,672,807	\$ 35,236,346	\$ 35,548,235	\$ 34,828,047	\$ 35,350,416	\$ 35,738,934	\$ 35,059,739

Ratio of General Bonded Debt Outstanding ⁽²⁾

General Obligation Bonds	\$ 17,970,000	\$ 19,125,000	\$ 18,405,000	\$ 17,665,000	\$ 16,910,000	\$ 16,145,000	\$ 15,355,000	\$ 14,530,000	\$ 13,680,000	\$ 10,375,000
Population	23,045	23,092	23,122	23,162	23,046	23,100	23,100	22,904	23,999	23,999
Net Bonded Debt Per Capita	\$780	\$828	\$796	\$763	\$734	\$699	\$665	\$634	\$570	\$432

Ratios of Outstanding Debt by Type

Governmental Activities										
General Obligation Bonds	\$ 1,110,000	\$ 1,205,000	\$ 1,135,000	\$ 1,065,000	\$ 990,000	\$ 915,000	\$ 840,000	\$ 760,000	\$ 675,000	\$ 590,000
Special Assessment Bonds	7,951,000	7,776,000	7,586,000	7,391,000	7,187,000	6,981,000	6,782,000	6,568,000	6,339,000	6,105,000
Long-term Notes Payable	0	0	0	0	0	0	814,034	795,078	756,882	718,303
Total Primary Government	\$ 9,061,000	\$ 8,981,000	\$ 8,721,000	\$ 8,456,000	\$ 8,177,000	\$ 7,896,000	\$ 8,436,034	\$ 8,123,078	\$ 7,770,882	\$ 7,413,303
Outstanding Debt Per Capita	\$393	\$389	\$377	\$365	\$355	\$342	\$365	\$355	\$324	\$309
Personal Income	\$696,189,450	\$697,609,320	\$698,515,620	\$699,724,020	\$696,219,660	\$697,851,000	\$692,926,770	\$691,929,840	\$849,636,597	\$849,636,897
Percentage of Personal Income	1.3%	1.3%	1.2%	1.2%	1.2%	1.1%	1.2%	1.2%	0.9%	0.9%

Business-Type Activities

General Obligation Bonds	\$ 16,860,000	\$ 17,920,000	\$ 17,270,000	\$ 16,600,000	\$ 15,920,000	\$ 15,230,000	\$ 14,515,000	\$ 13,770,000	\$ 13,005,000	\$ 9,785,000
Total Primary Government	\$ 16,860,000	\$ 17,920,000	\$ 17,270,000	\$ 16,600,000	\$ 15,920,000	\$ 15,230,000	\$ 14,515,000	\$ 13,770,000	\$ 13,005,000	\$ 9,785,000
Outstanding Debt Per Capita	\$732	\$776	\$747	\$717	\$691	\$659	\$628	\$601	\$542	\$408
Personal Income	\$696,189,450	\$697,609,320	\$698,515,620	\$699,724,020	\$696,219,660	\$697,851,000	\$692,926,770	\$691,929,840	\$849,636,597	\$849,636,897
Percentage of Personal Income	2.4%	2.6%	2.5%	2.4%	2.3%	2.2%	2.1%	2.0%	1.5%	1.2%

(1) Debt limitation based on Section 133 of the Uniform Bond Act of the Ohio Revised Code.

(2) There is no outstanding debt solely supported by a property tax; therefore, net bonded debt is measured on a per capita basis.

City of Centerville, Ohio
Direct and Overlapping General Obligation Debt
As of December 31, 2011

Jurisdiction	Net Debt Outstanding	Percentage Applicable To City	Amount Applicable To City of Centerville
Direct:			
City of Centerville	\$ 10,375,000	100.00%	\$ 10,375,000
Overlapping:			
Montgomery County	3,549,923	6.90%	244,945
Centerville City School District	57,845,000	39.07%	22,600,042
Centerville-Washington Park District	740,000	39.09%	289,266
Miami Valley Regional Transit Authority	920,000	6.90%	63,480
Greene County	28,093,500	0.07%	19,665
Bellbrook-Sugarcreek Local School District	36,805,000	0.55%	202,428
Greene County Joint Vocational School	150,001	0.07%	105
Sugar Creek Township	1,445,000	0.82%	11,849
		Subtotal - Overlapping	23,431,780
			<u>\$ 33,806,780</u>

Total Direct and Overlapping Debt

Source: Ohio Municipal Advisory Council

Note: Percentages determined by dividing each overlapping subdivisions' assessed valuation within the City by the subdivisions' total assessed valuation.

Schedule 9

City of Centerville, Ohio
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (1)(a)	Per Capita Income (1)(b)	Personal Income	School Enrollment (2)	Unemployment Rate Montgomery County (3)	Total Assessed Property Value (4)
2002	23,045	\$30,210	\$696,189,450	7,821	5.7%	\$501,634,521
2003	23,092	30,210	697,609,320	8,055	5.7%	560,038,783
2004	23,122	30,210	698,515,620	8,156	6.3%	572,029,090
2005	23,162	30,210	699,724,020	8,170	5.6%	594,051,037
2006	23,046	30,210	696,219,660	8,197	5.6%	640,660,845
2007	23,100	30,210	697,851,000	8,336	6.2%	646,331,552
2008	22,937	30,210	692,926,770	8,395	7.4%	648,037,838
2009	22,904	30,210	691,929,840	8,390	12.8%	657,190,800
2010	23,999	35,403	849,636,597	8,416	10.0%	663,560,290
2011	23,999	35,403	849,636,597	8,434	8.3%	650,509,860

Source: (1) U.S. Census Bureau Population Division

(a) For years 2002-2009, population listed is from the Census estimates; population for 2010-2011 is from the 2010 Census.

(b) For years 2002-2009, per capita income is from the 2000 Census. For 2010-2011, per capita income is from the 2010 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
Principal Employers
Current Year and Nine Years Ago**

Employer	2011		2002	
	Approximate Number of Employees (Full-time and Part-time)	Rank	Approximate Number of Employees (Full-time and Part-time)	Rank
Centerville Board of Education ⁽¹⁾	1,555	1	1,515	1
Graceworks Lutheran Services ⁽²⁾	865	2	738	2
Franciscan at St. Leonard	452	3	500	3
Kroger	447	4	391	4
Miami Valley Hospital South (campus-wide)	423	5	0	-
City of Centerville	277	6	335	5
Fortis College ⁽³⁾	243	7	129	9
Voss Auto Network	231	8	238	7
Heartland of Centerville	233	9	331	6
Bob Ross Buick	107	10	181	8

Source: City of Centerville, Economic Development Department

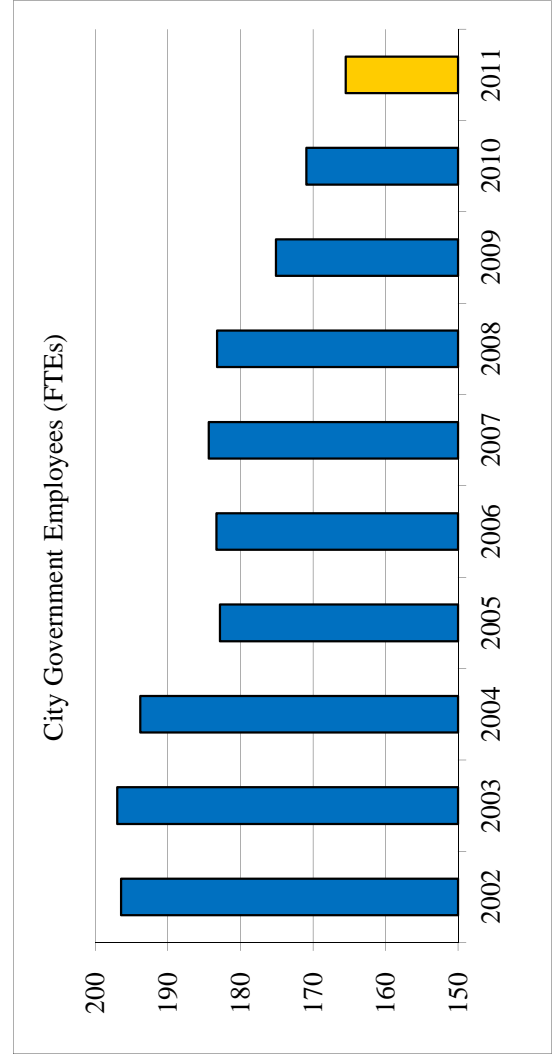
Note:

- ⁽¹⁾ Total number of employees within the City of Centerville is not available.
- ⁽²⁾ Formerly known as Lutheran Social Services; currently doing business as Graceworks Lutheran Services; Bethany Village.
- ⁽³⁾ Formerly known as RETS Tech Center.

City of Centerville, Ohio
City Government Employees by Function (full-time equivalents)
Last Ten Fiscal Years

Function	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	29.80	30.45	30.55	31.55	30.75	30.55	29.40	29.35	29.22	29.89
Public safety	55.75	56.25	56.25	56.00	56.60	57.60	56.10	55.10	55.10	53.10
Community environment	4.00	3.75	3.75	3.75	3.60	3.60	3.60	4.00	4.00	3.10
Recreation	3.90	4.00	4.00	3.00	3.25	3.50	3.50	3.50	3.50	3.55
Transportation	25.00	25.00	21.75	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Waste collection	13.00	13.00	13.00	12.00	12.00	12.00	12.00	12.00	12.00	10.86
Golf course	<u>65.00</u>	<u>64.50</u>	<u>64.50</u>	<u>55.50</u>	<u>56.10</u>	<u>56.10</u>	<u>57.60</u>	<u>50.15</u>	<u>46.10</u>	<u>44.00</u>
Total	<u>196.45</u>	<u>196.95</u>	<u>193.80</u>	<u>182.80</u>	<u>183.30</u>	<u>184.35</u>	<u>183.20</u>	<u>175.10</u>	<u>170.92</u>	<u>165.50</u>

Source: City of Centerville, Ohio, Finance Department



City of Centerville, Ohio
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General Government										
Purchase orders issued	2,214	2,462	2,499	2,357	2,388	2,400	2,533	2,426	2,371	2,500
Payroll checks/direct deposits issued	6,120	6,457	6,285	6,030	6,147	6,175	6,013	5,655	5,772	6,000
Accounts payable checks issued	6,786	6,349	6,183	6,731	6,511	6,475	6,376	6,042	5,789	6,000
Ordinances and resolutions passed	84	101	80	92	102	95	96	65	84	106
Number of volunteer hours	10,871	10,354	11,664	11,428	11,137	12,717	11,685	13,327	13,283	13,440
Public Safety										
Total arrests	1,508	1,390	1,646	1,569	1,666	1,511	1,551	1,478	1,683	1,647
Traffic citations ⁽¹⁾	9,347	3,121	4,037	3,560	3,127	3,542	3,422	3,289	3,657	4,338
Public Works										
Miles of street	101	104	105	105	107	107	107	107	108	108
Tons of road salt used	1,269	3,179	1,775	1,849	354	1,994	2,696	1,695	2,678	1,400
Building Inspection										
Building permits issued	1,844	2,128	1,941	1,453	1,323	1,376	1,218	948	1,214	1,100
Electrical permits issued	346	406	376	266	265	265	234	204	259	220
Residential unit permits issued	97	146	122	71	39	58	15	4	7	11
Waste Collection										
Tons collected	6,978	7,406	7,317	7,197	7,428	7,098	7,765	6,739	6,464	6,000
Recyclable tons, including cardboard	795	887	851	885	890	821	775	723	708	725
Newspaper tons	687	706	697	716	728	686	632	605	584	609
Golf Course										
Rounds of golf	36,719	43,627	46,863	45,613	49,435	53,896	53,275	53,334	52,705	49,000
Rounds of golf - cart usage	23,409	24,323	28,043	29,462	36,180	39,990	39,919	40,547	41,427	38,000
Gallons of water used (thousands)	28,175	25,280	24,570	26,630	41,650	99,400	42,000	55,800	60,200	29,000
Food Service Operations										
Wedding receptions hosted	41	37	36	42	36	42	41	50	50	51
Other banquet functions hosted	535	544	483	539	519	556	528	491	491	489

Source: City of Centerville, Ohio, Appropriation Budgets for applicable years. Actual statistics for 2002-2010.

Estimated statistics for 2011..

⁽¹⁾ 2002 traffic citations issued includes written warnings.

City of Centerville, Ohio
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

Function/program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Municipal Buildings	1	1	1	1	1	1	1	1	1	1
Square Footage	17,123	17,123	17,123	17,123	17,123	17,123	17,123	17,123	17,123	17,123
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Square Footage	38,458	38,458	38,458	38,458	38,458	38,458	38,458	38,458	38,458	38,458
Public Works										
Public Works Facility	1	1	1	1	1	1	1	1	1	1
Square Footage	17,541	17,541	17,541	17,541	17,541	17,541	17,541	17,541	50,000	50,000
Miles of street	101	104	105	105	107	107	107	107	108	108
Lane miles of street	227	236	238	238	240	240	240	240	241	241
Recreation										
Number of parks	1	1	1	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	62.386	62.386	62.386
Benham's Grove (acres)	7.017	7.017	7.017	7.017	7.017	7.017	7.017	7.017	7.017	7.017
Golf Course										
Holes	27	27	27	27	27	27	27	27	27	27
Club House (square footage)	29,517	29,517	29,517	29,517	29,517	29,517	29,517	29,517	29,517	29,517

Source: City of Centerville, Ohio, Finance Department



CITY OF CENTERVILLE



Yellow Book Report

December 31, 2011

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of Council and Mayor
City of 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 (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 15, 2012 wherein we noted the City adopted GASB Statement No. 54 as disclosed in Note 11. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Compliance and Other Matters

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

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
May 15, 2012



Dave Yost • 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
JULY 26, 2012**