

**CITY OF CENTERVILLE
CENTERVILLE, OHIO**

SUPPLEMENTAL REPORTS

DECEMBER 31, 2004

MR. MARK SCHLAGHECK, FINANCE DIRECTOR



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the City of Centerville, Montgomery County, prepared by Julian & Grube, Inc., for the audit period January 1, 2004 through December 31, 2004. 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 "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

July 11, 2005

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**CITY OF CENTERVILLE
CENTERVILLE COUNTY, OHIO**

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JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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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, Montgomery County, Ohio, (the “City”) as of and for the year ended December 31, 2004, which collectively comprise the City’s basic financial statements and have issued our report thereon dated June 22, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the management of the City in a separate letter dated June 22, 2005.

Members of Council and Mayor
City of Centerville

Compliance and Other Matters

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

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

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

Julian & Grube, Inc.
June 22, 2005

City of Centerville, Ohio

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2004

Prepared by:

Department of Finance

Mark Schlagheck

Finance Director

City of Centerville, Ohio

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

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City of Centerville, Ohio

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

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Introductory Section

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

June 24, 2005

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, 2004 is hereby submitted for your review. This report represents the commitment of the City to adhere to nationally recognized standards of excellence in financial reporting.

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

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

History and Background

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

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

The City adopts an annual budget before December 31st 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 23,133 according to the U.S. Census Bureau's 2003 estimate. Centerville is home to over 700 businesses. The City continues to see moderate growth in both residential and business development. In the recent past, several residential subdivisions have been under development. The largest of these developments is Yankee Trace which surrounds the City's golf facility, The Golf Club at Yankee Trace. When complete, the Yankee Trace development will include approximately 1,000 residential units.

Despite the slowest economy in a decade, the City remains fiscally strong. Built on a diversified base of small businesses, Centerville was, and continues to be, well positioned to weather the economic downturn. In 2004, over sixty new businesses opened within the City. The employers with the largest workforce within Centerville include the school district, multiple retirement communities, a retail store, several auto dealerships and small manufacturers.

In May 2005, a major healthcare provider announced plans to construct a new facility in the City. Phase one of this new facility is expected to begin construction later in 2005 and has an estimated construction cost of \$73 million. This facility should create a significant amount of employment opportunities which will increase the income tax revenues of the City.

Major Initiatives

- The municipal income tax rate remained at 1.75% for the twenty-third consecutive year, the municipal property tax rate remained at its lowest rate for the twenty-sixth year, and waste collection fees remained constant for the thirteenth year.
- The City maintained its municipal bond rating of Aa3 from Moody's Investor Services. This rating helps to lower the interest rate on any future bonds the City may issue.
- The Golf Club at Yankee Trace was rated by Golf Magazine as one of the "Top 50 Courses Under \$50." Golf Digest also named The Golf Club at Yankee Trace as one of their "Best Places to Play" based on the course's architectural merit.

- The City passed an ordinance prohibiting smoking in public buildings and places of employment. The ordinance, which took effect April 4, 2005, was the first of its kind in the Dayton area.
- Create the Vision, a community master plan for the City of Centerville and Washington Township, was adopted. The implementation of this plan will guide commercial and residential development in both communities for the next twenty-five years.
- Renovation of the Municipal Building was completed in 2004. This renovation provided improved working areas and allowed for the Building Inspection division to return to the Municipal Building for improved customer service.
- The City continued to set aside money for the construction of a new public works facility. By the end of 2004, \$4,000,000 was designated for this project for which construction is tentatively scheduled for 2006.
- The City received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada for its 2003 comprehensive annual financial report, the highest recognition in governmental accounting and financial reporting.

Independent Audit

State statute requires an annual audit by the State Auditor's Office or, at the State Auditor's discretion, by an independent certified public accounting firm. The City and the State Auditor's Office selected the firm of Julian & Grube, Inc. to perform the 2004 audit of the City. Julian Grube, Inc. has issued an unqualified ("clean") opinion on the City of Centerville's financial statements for the year ended December 31, 2004. 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, 2003. This was the fourth consecutive year that Centerville has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Respectfully submitted,

Gregory B. Horn
Gregory B. Horn
City Manager

Mark Schlagheck
Mark Schlagheck
Finance Director



Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Centerville,
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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.

City of Centerville, Ohio

List of Elected and Appointed Officials as of June 24, 2005

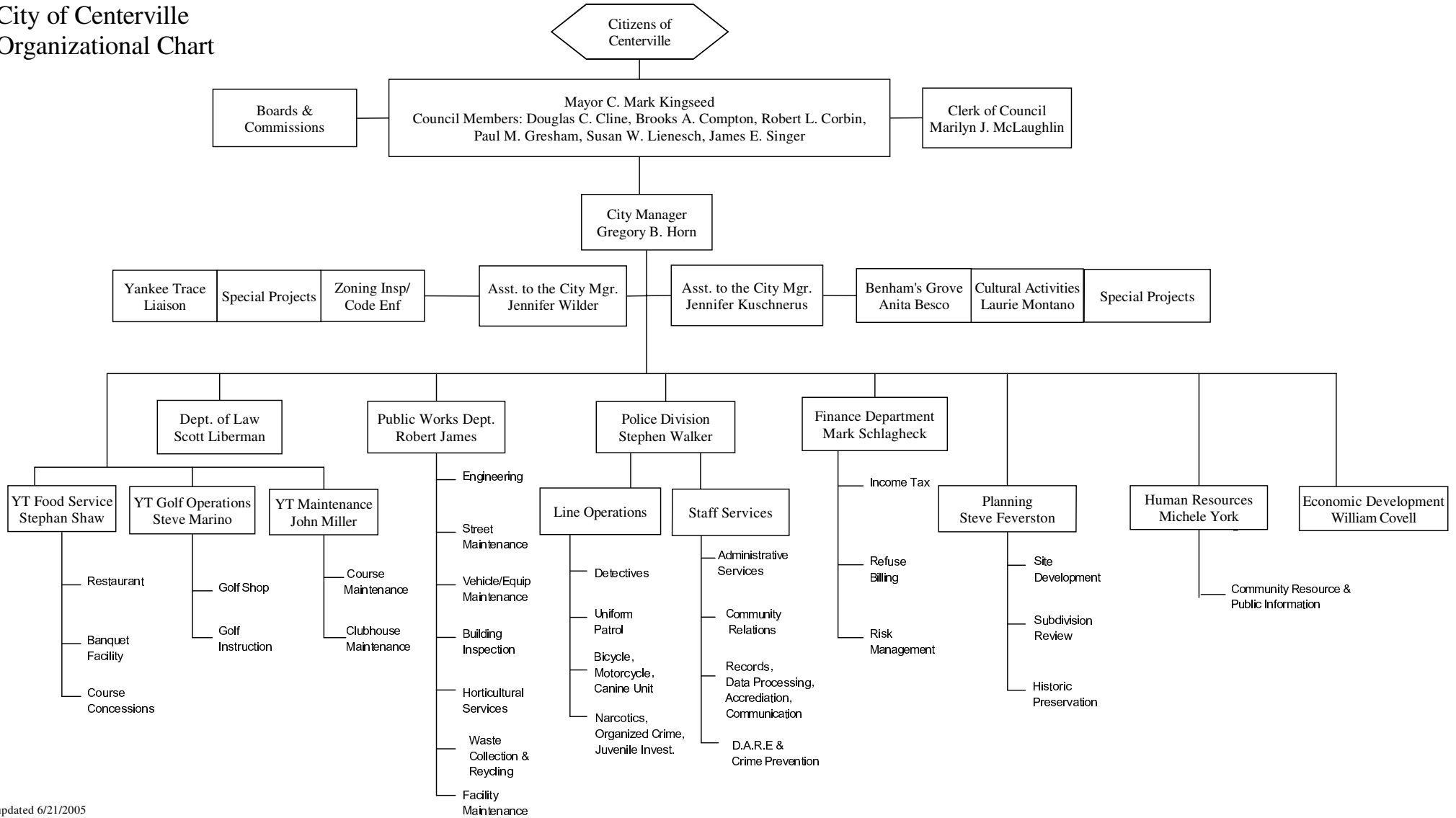
Elected Officials

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

Appointed Officials

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

City of Centerville Organizational Chart



Financial Section

JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

333 County Line Road West
Westerville, Ohio 43082

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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, Montgomery County, Ohio, (the “City”), as of and for the year ended December 31, 2004, which collectively comprise the City’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City’s management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville, Montgomery County, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2005, on our consideration of the City’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of Council and Mayor
City of Centerville
Page Two

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

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

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

Julian & Grube, Inc.
June 22, 2005

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2004 (Unaudited)

The management of the City of Centerville (City) provides the following information as an introduction, overview and analysis of the City's financial statements for the year ended December 31, 2004. Readers should consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, which can be found on pages i-iv of this report.

Financial Highlights

- The assets of the City exceeded its liabilities by \$67.94 million as of December 31, 2004. Of this amount, \$18.66 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The net assets of the City increased by over \$0.88 million during the most recent fiscal year.
- As of December 31, 2004, the City's governmental funds report combined ending fund balances of \$17.4 million. Nearly 55% or \$9.52 million of this fund balance is available for spending at the City's discretion (unreserved, undesignated fund balance).

Overview of the Financial Statements

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

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

The Statement of Net Assets. This statement (page 16) reports all assets and liabilities of the City as of December 31, 2004. The difference between total assets and total liabilities is reported as "net assets". Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2004 (Unaudited)

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

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

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

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

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

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2004 (Unaudited)

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

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

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

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 26 – 45 of this report.

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2004 (Unaudited)

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$67.94 million as of December 31, 2004. The following table presents condensed information on net assets as of December 31, 2004 and 2003:

	Net Assets (in millions)					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<u>Assets:</u>						
Current and other assets	\$ 36.69	\$ 37.69	\$ 0.98	\$ 1.23	\$ 37.67	\$ 38.92
Capital assets	<u>39.58</u>	<u>38.70</u>	<u>19.18</u>	<u>19.15</u>	<u>58.76</u>	<u>57.85</u>
Total assets	<u>76.27</u>	<u>76.39</u>	<u>20.16</u>	<u>20.38</u>	<u>96.43</u>	<u>96.77</u>
<u>Liabilities:</u>						
Long-term liabilities	25.72	26.61	0.15	0.14	25.87	26.75
Other liabilities	<u>2.23</u>	<u>2.53</u>	<u>0.39</u>	<u>0.43</u>	<u>2.62</u>	<u>2.96</u>
Total liabilities	<u>27.95</u>	<u>29.14</u>	<u>0.54</u>	<u>0.57</u>	<u>28.49</u>	<u>29.71</u>
<u>Net Assets:</u>						
Invested in capital assets, net of debt	14.43	12.65	19.18	19.15	33.61	31.80
Restricted	15.67	16.12	0.00	0.00	15.67	16.12
Unrestricted	<u>18.22</u>	<u>18.48</u>	<u>0.44</u>	<u>0.66</u>	<u>18.66</u>	<u>19.14</u>
Total net assets	<u>\$48.32</u>	<u>\$47.25</u>	<u>\$19.62</u>	<u>\$19.81</u>	<u>\$67.94</u>	<u>\$67.06</u>

In total, net assets increased from \$67.06 million to \$67.94 million in 2004. Unrestricted net assets, which are available for future use as directed by City Council, decreased \$0.48 million or 2.51%. Unrestricted net assets of the City's governmental activities increased \$0.26 million while unrestricted net assets of the business-type activities decreased \$0.22 million.

The component, "invested in capital assets, net of related debt," increased \$1.81 million from \$31.80 million at December 31, 2003 to \$33.61 million at December 31, 2004. Generally, this means capital asset additions and bond principal repayments were more than depreciation expense and net book value of disposals by \$1.81 million.

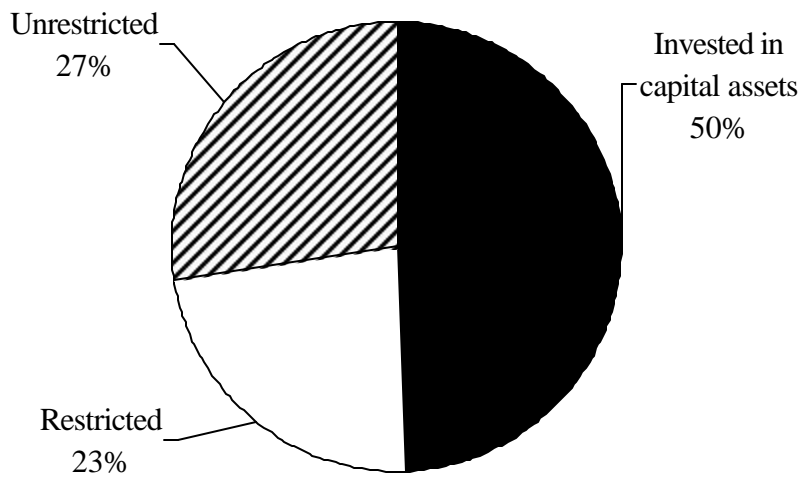
Restricted net assets are subject to external restrictions as to their use. This category decreased approximately \$0.45 million from \$16.12 million at December 31, 2003 to \$15.67 million at December 31, 2004. This decrease in restricted net assets was due primarily to the reduction in special assessment receivables.

City of Centerville, Ohio

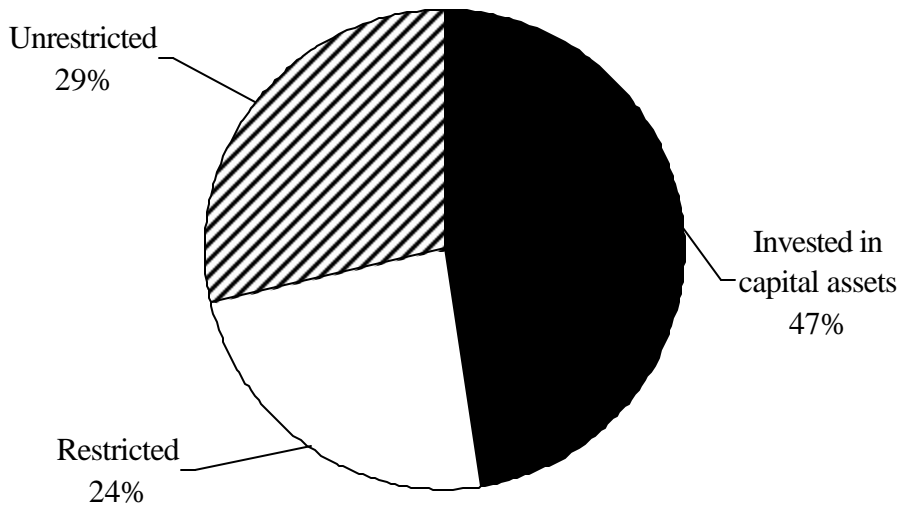
Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2004 (Unaudited)

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

December 31, 2004



December 31, 2003



City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2004 (Unaudited)

The following table presents condensed information on the changes in net assets for the years ended December 31, 2004 and 2003.

Changes in Net Assets (in millions)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenues						
Program revenues:						
Charges for services	\$ 1.39	\$ 1.32	\$ 4.70	\$ 4.70	\$6.09	\$6.02
Operating grants and contributions	1.26	1.12	-	-	1.26	1.12
Capital grants and contributions	0.20	0.13	-	-	0.20	0.13
General revenues:						
Income taxes	9.59	9.24	-	-	9.59	9.24
Property taxes	1.14	1.28	-	-	1.14	1.28
Estate taxes	0.98	0.96	-	-	0.98	0.96
Grants and other contributions not restricted to specific programs	0.87	0.94	0.06	-	0.93	0.94
Investment earnings	0.55	0.13	0.02	-	0.57	0.13
Gain on sale of capital assets	0.06	0.60	-	(0.05)	0.06	0.55
Miscellaneous	<u>0.01</u>	<u>0.12</u>	<u>-</u>	<u>-</u>	<u>0.01</u>	<u>0.12</u>
Total revenues	<u>16.05</u>	<u>15.84</u>	<u>4.78</u>	<u>4.65</u>	<u>20.83</u>	<u>20.49</u>
Expenses						
General government	4.28	5.23	-	-	4.28	5.23
Public safety	5.30	5.07	-	-	5.30	5.07
Community environment	0.22	0.23	-	-	0.22	0.23
Recreation	0.37	0.34	-	-	0.37	0.34
Transportation	3.16	3.13	-	-	3.16	3.13
Interest on long-term debt	1.26	1.06	-	-	1.26	1.06
Waste collection	-	-	1.24	1.23	1.24	1.23
Golf course operations	-	-	3.96	3.92	3.96	3.92
Other business-type activities	<u>-</u>	<u>-</u>	<u>0.16</u>	<u>0.13</u>	<u>0.16</u>	<u>0.13</u>
Total expenses	<u>14.59</u>	<u>15.06</u>	<u>5.36</u>	<u>5.28</u>	<u>19.95</u>	<u>20.34</u>
Excess before transfers	1.46	0.78	(0.59)	(0.63)	0.88	0.15
Transfers	<u>(0.40)</u>	<u>(0.24)</u>	<u>0.40</u>	<u>0.24</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>\$ 1.06</u>	<u>\$ 0.54</u>	<u>\$(0.19)</u>	<u>\$(0.39)</u>	<u>\$0.88</u>	<u>\$0.15</u>

City of Centerville, Ohio

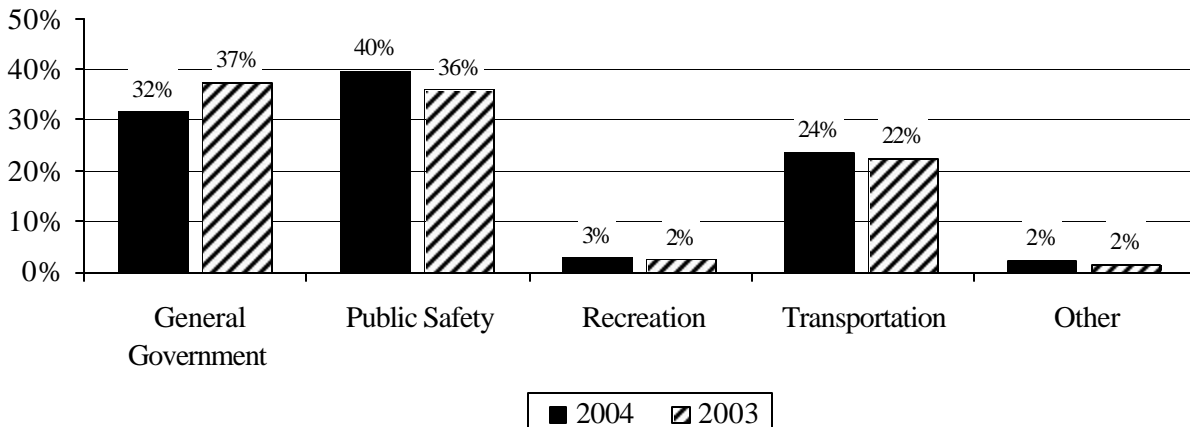
Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2004 (Unaudited)

The change in net assets was an increase of \$0.88 million for the year ended December 31, 2004 as compared to a increase of \$0.15 million for the prior year. Total revenues increased \$0.34 million or 1.66%. Total expenses decreased \$0.39 million or 1.92%.

Total revenues for governmental activities increased 1.33%. Income taxes, the largest governmental activities revenue source, increase \$0.35 million or 3.79%. Investment earnings increased \$0.42 million. Both of these increases are due, in part, to the improving economy. The gain on the sale of capital assets decreased by \$0.54 million which can be attributed to the one-time sale of assets in 2003.

Expenses of governmental activities break down as follows:

Governmental Expenses by Program



Total governmental expenses decreased 3.12% or \$0.45 million. Public safety, consisting of the police division, comprises about 40% of governmental activities' expenses. Transportation, which consists of street repair and maintenance activities, accounts for about 24% of expenses. General government, consisting of the city management department, the finance department and the clerk of council's department among others, accounts for about 32% of expenses.

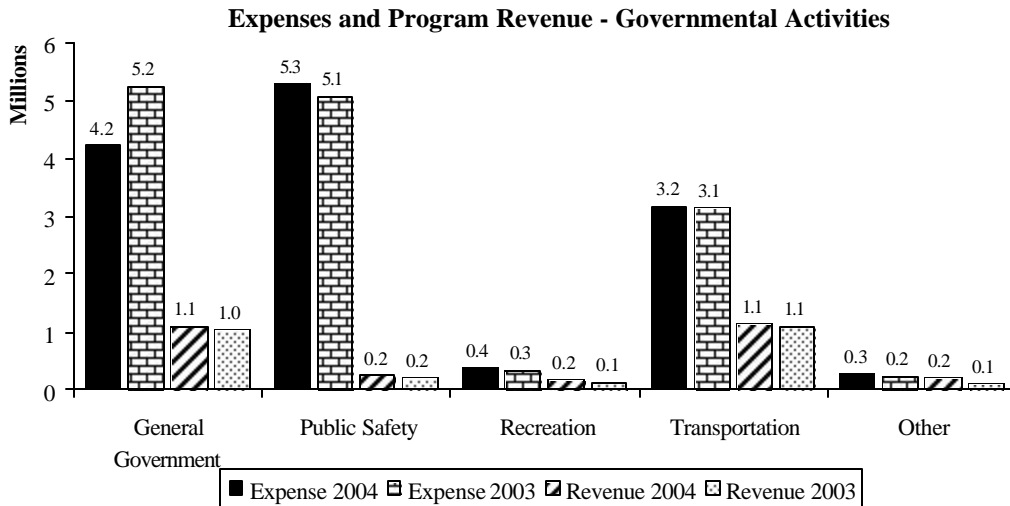
The Statement of Activities reports the expenses of each of the governmental activities programs and the related program revenue that offsets the cost of each program. The amount by which the cost of a particular program exceeds its program revenue represents the extent to which that program must be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

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2004 (Unaudited)

Expenses and Program Revenue – Governmental Activities (in millions)

	<u>Year Ended December 31, 2004</u>			<u>Year Ended December 31, 2003</u>		
	<u>Expense</u>	<u>Program revenue</u>	<u>Net program cost</u>	<u>Expense</u>	<u>Program revenue</u>	<u>Net program cost</u>
General government	\$ 4.28	\$ 1.09	\$ (3.19)	\$ 5.23	\$ 1.05	\$ (4.18)
Public safety	5.30	0.24	(5.06)	5.07	0.21	(4.86)
Recreation	0.37	0.18	(0.19)	0.34	0.12	(0.22)
Transportation	3.16	1.15	(2.01)	3.13	1.08	(2.05)
Other	<u>0.22</u>	<u>0.20</u>	<u>(0.09)</u>	<u>0.23</u>	<u>0.10</u>	<u>(0.13)</u>
Total governmental activities	<u>\$ 13.33</u>	<u>\$ 2.86</u>	<u>\$ (10.47)</u>	<u>\$ 14.00</u>	<u>\$ 2.56</u>	<u>\$ (11.44)</u>



Overall, the net program cost of governmental activities decreased by \$0.97 million or 8.39%. General government's net program cost decreased by \$0.99 million or 23.64%. Public safety's net program cost increased by \$0.20 million over 2003.

Program expenses decreased \$0.67 million from 2003. A decrease of \$1.01 million was noted in general government due, in part, to a one-time expenditure related to the advance refunding of bonds in 2003.

Program revenue increased \$0.30 million from \$2.56 million to \$2.86 million. Each revenue category had a slight increase over 2003.

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2004 (Unaudited)

Business-type activities

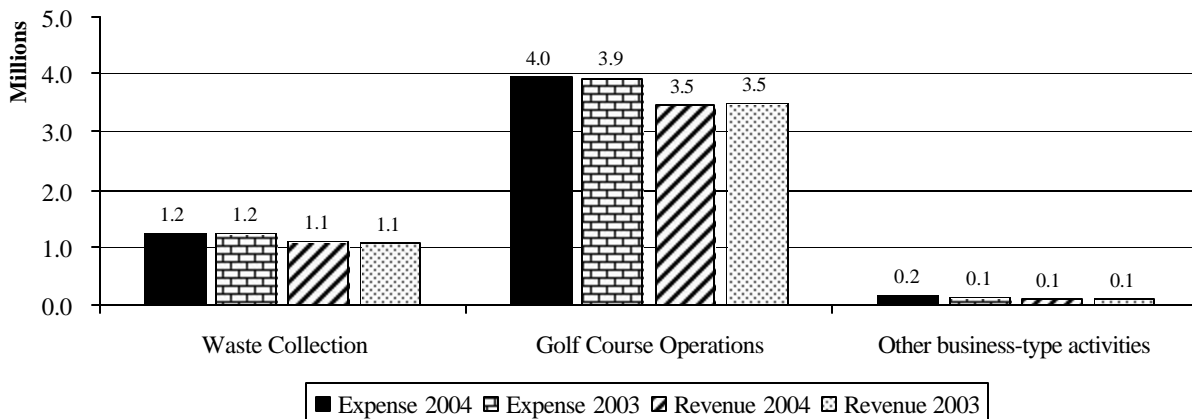
Business-type activities' net assets decreased \$0.19 million from \$19.81 million to \$19.62 million. The majority of this decrease was due to increased liabilities at year end.

It is the City's policy that the revenues of the City's business-type activities (waste collection and golf course operations) are expected to cover all program costs. The following table and graph summarize the expenses and program revenues for business-type activities:

Expenses and Program Revenue – Business-type Activities (in millions)

	<u>For Year Ended December 31, 2004</u>			<u>For Year Ended December 31, 2003</u>		
	<u>Expense</u>	<u>Program revenue</u>	<u>Net program cost</u>	<u>Expense</u>	<u>Program revenue</u>	<u>Net program cost</u>
Waste collection	\$ 1.24	\$ 1.10	\$ (0.14)	\$ 1.23	\$ 1.08	\$ (0.15)
Golf course operations	3.96	3.48	(0.48)	3.92	3.50	(0.42)
Other business-type Activities	<u>0.16</u>	<u>0.12</u>	<u>(0.04)</u>	<u>0.13</u>	<u>0.12</u>	<u>(0.01)</u>
Total business-type Activities	<u>\$ 5.36</u>	<u>\$ 4.70</u>	<u>\$ (0.66)</u>	<u>\$ 5.28</u>	<u>\$ 4.70</u>	<u>\$ (0.58)</u>

Expenses and Program Revenues - Business-type Activities



Program revenue and expenses for business-type activities remained relatively consistent from last year. Specifically, program revenues from golf course operations decreased \$0.02 million due to decreased course revenue such as greens fees and cart rentals. Program expenses for the golf course operations

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2004 (Unaudited)

increased \$0.04 million. Program expenses in waste collection increased \$0.01 million due to the overall increased costs of operation, primarily salaries and benefits.

The operating deficit in the waste collection activity is currently under review by management. The City is reviewing options to reverse the trend of operating deficits. Options under consideration include raising rates for service or contracting with a private company to provide waste collection service.

Financial Analysis of the City's Funds

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

The combined fund balance of the City's governmental funds at December 31, 2004 was \$17.41 million as compared to \$17.51 million at December 31, 2003. (See the governmental funds' balance sheets on pages 18 – 19).

The General Fund is the primary operating fund of the City of Centerville, accounting for such activities as police protection, general government (administration, finance, engineering, building inspection), community environment (planning) and recreation. The General Fund balance increased \$0.95 million for the year ended December 31, 2004. Total general fund revenues increased \$0.63 million or 4.75%. Improving income tax revenue and increasing investment earnings were the primary reason for this increase.

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

The Capital Improvements Fund is used to account for the various capital improvement projects of the City including streets, sidewalks, land acquisition, building construction and building improvements. The fund balance actually decreased by \$0.48 million in 2004. However, this decrease was planned and coincided with the completion of several capital improvement projects. Of the remaining fund balance, an additional \$1.0 million was designated for the future construction of a public works facility. As of December 31, 2004, \$4.0 million of the estimated \$5.0 million needed to complete this new facility had been designated.

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2004 (Unaudited)

General Fund Budgetary Highlights

General fund appropriations were decreased during 2004. Actual expenditures were \$0.40 million less than the final appropriations. In addition, actual revenues exceeded budgetary estimates by nearly \$0.31 million. Other financing uses exceeded budgetary estimates by \$0.40 million due to a transfer to the business-type activities.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2004, amounts to \$58.77 million (net of accumulated depreciation). This investment in capital assets includes land and land improvements, buildings and other improvements, machinery and equipment, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 1.6%.

Significant capital activity for the year included:

- Completed concrete repair (curb, pavement and sidewalk) and asphalt resurfacing at locations throughout the City totaling nearly \$1.0 million.
- Completed construction and widening of Social Row Road with a total project cost of nearly \$0.20 million.
- Spent approximately \$0.59 million for the purchase of land to be used for the construction of a new public works facility.
- Completed the renovation of the municipal building with a total project cost of \$0.60 million.
- Spent over \$0.09 million for stormwater drainage improvements throughout the City.

Additional detail on the capital asset activity for the year ended December 31, 2004 is presented in the Notes to the Basic Financial Statements in note D on pages 35 – 36.

Long-term Debt. Ohio law restricts the amount of debt that a City may issue. The aggregate principal amount of unvoted "net indebtedness" may not exceed 5.5% of the assessed valuation for property tax purposes of all real and personal property located within the City. Certain debt with a repayment source other than general tax revenues, is excluded from the definition of net indebtedness. Under that definition, the City has no net indebtedness as of December 31, 2004, leaving a legal debt margin for unvoted debt of approximately \$31.46 million.

An additional statutory limitation restricts total indebtedness – both voted and unvoted – to 10.5% of the real and personal property assessed valuation. That limitation would restrict total City net indebtedness to \$60.06 million, leaving a total debt margin of approximately \$60.06 million.

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2004 (Unaudited)

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

A summary of debt outstanding at December 31, 2004 and 2003 is as follows:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>
<i>Governmental-type activities:</i>		
General obligation bonds	\$ 18,405,000	\$ 19,125,000
Special assessment bonds	<u>7,586,000</u>	<u>7,776,000</u>
Total	<u>\$ 25,991,000</u>	<u>\$ 26,901,000</u>

Additional detailed data for all debt of the City of Centerville is presented in the Notes to the Basic Financial Statements in note I on pages 41 - 44 and in the Statistical Section of this report on pages 88 - 92.

Requests for Information

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



**CITY OF CENTERVILLE
STATEMENT OF NET ASSETS
DECEMBER 31, 2004**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Pooled cash and cash equivalents	\$ 3,844,082	\$ 245,098	\$ 4,089,180
Investments	12,383,746	491,707	12,875,453
Receivables (net):			
Taxes	4,129,452	-	4,129,452
Accounts	22,768	88,435	111,203
Intergovernmental	1,021,565	-	1,021,565
Interest	79,568	2,361	81,929
Special assessments	14,761,205	-	14,761,205
Internal balances	114,570	(114,570)	-
Inventory	35,120	248,198	283,318
Prepaid items	123,120	20,939	144,059
Deferred charges	169,898	-	169,898
Capital assets:			
Capital assets not subject to depreciation:			
Land and land improvements	3,691,548	15,166,876	18,858,424
Capital assets net of accumulated depreciation	<u>35,892,392</u>	<u>4,015,771</u>	<u>39,908,163</u>
 Total assets	 <u>\$ 76,269,034</u>	 <u>\$ 20,164,815</u>	 <u>\$ 96,433,849</u>
LIABILITIES			
Accounts payable	\$ 206,896	\$ 101,631	\$ 308,527
Accrued liabilities	411,635	66,477	478,112
Deferred revenue	1,504,377	203,375	1,707,752
Deposit liability	-	18,425	18,425
Accrued interest payable	98,992	-	98,992
Noncurrent liabilities:			
Due within one year	1,070,654	27,159	1,097,813
Due in more than one year	<u>24,653,539</u>	<u>124,273</u>	<u>24,777,812</u>
 Total liabilities	 <u>27,946,093</u>	 <u>541,340</u>	 <u>28,487,433</u>
NET ASSETS			
Invested in capital assets, net of related debt	14,431,202	19,182,647	33,613,849
Restricted for:			
Debt service	14,916,292	-	14,916,292
Other purposes	751,436	-	751,436
Unrestricted	<u>18,224,011</u>	<u>440,828</u>	<u>18,664,839</u>
 Total net assets	 <u>48,322,941</u>	 <u>19,623,475</u>	 <u>67,946,416</u>
 Total liabilities and net assets	 <u>\$ 76,269,034</u>	 <u>\$ 20,164,815</u>	 <u>\$ 96,433,849</u>

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 4,280,576	\$ 1,082,167	\$ -	\$ 3,513	\$ (3,194,896)		\$ (3,194,896)
Public safety	5,296,904	208,966	34,946	-	(5,052,992)		(5,052,992)
Community environment	225,372	200	-	200,657	(24,515)		(24,515)
Recreation	371,276	100,499	83,171	-	(187,606)		(187,606)
Transportation	3,158,165	1,434	1,143,936	-	(2,012,795)		(2,012,795)
Interest on long-term debt	1,260,351	-	-	-	(1,260,351)		(1,260,351)
Total governmental activities	<u>14,592,644</u>	<u>1,393,266</u>	<u>1,262,053</u>	<u>204,170</u>	<u>(11,733,155)</u>		<u>(11,733,155)</u>
Business-type activities:							
Waste Collection	1,242,631	1,098,132	-	-		\$ (144,499)	(144,499)
Golf Course Operations	3,957,023	3,476,082	-	-		(480,941)	(480,941)
Yankee Trace Equipment Purchase	162,761	120,200	-	-		(42,561)	(42,561)
Total business-type activities	<u>5,362,415</u>	<u>4,694,414</u>	<u>-</u>	<u>-</u>		<u>(668,001)</u>	<u>(668,001)</u>
Total	<u>\$ 19,955,059</u>	<u>\$ 6,087,680</u>	<u>\$ 1,262,053</u>	<u>\$ 204,170</u>	<u>(11,733,155)</u>	<u>(668,001)</u>	<u>(12,401,156)</u>
General revenues:							
Taxes:							
Income taxes					9,590,830	-	9,590,830
Property taxes					1,135,886	-	1,135,886
Estate taxes					983,949	-	983,949
Grants and contributions not restricted to specific programs					870,889	63,126	934,015
Investment earnings					546,099	21,800	567,899
Gain on sale/disposal of capital assets					58,970	-	58,970
Miscellaneous					11,861	-	11,861
Transfers					(400,000)	400,000	-
Total general revenues and transfers					<u>12,798,484</u>	<u>484,926</u>	<u>13,283,410</u>
Change in net assets					1,065,329	(183,075)	882,254
Net assets - beginning					<u>47,257,612</u>	<u>19,806,550</u>	<u>67,064,162</u>
Net assets - ending					<u>\$ 48,322,941</u>	<u>\$19,623,475</u>	<u>\$ 67,946,416</u>

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	General	Special Assessment Debt Retirement	Capital Improvements	Non-major Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and cash equivalents	\$ 464,175	\$ 41,801	\$ 816,825	\$ 1,933,712	\$ 3,256,513
Investments	4,950,250	112,745	4,655,066	2,163,846	11,881,907
Receivables (net):					
Taxes	4,129,452	-	-	-	4,129,452
Accounts	2,092	-	2,391	11,277	15,760
Intergovernmental	452,040	-	-	569,525	1,021,565
Interest	27,169	541	31,040	18,408	77,158
Special assessments	-	14,761,205	-	-	14,761,205
Due from other funds	165,072	-	-	111,579	276,651
Inventory	-	-	-	35,120	35,120
Prepaid items	110,501	-	-	12,619	123,120
	<u>110,501</u>	<u>-</u>	<u>-</u>	<u>12,619</u>	<u>123,120</u>
 Total assets	 <u>\$ 10,300,751</u>	 <u>\$ 14,916,292</u>	 <u>\$ 5,505,322</u>	 <u>\$ 4,856,086</u>	 <u>\$ 35,578,451</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 115,785	\$ -	\$ 48,841	\$ 42,270	\$ 206,896
Accrued liabilities	370,612	-	-	41,023	411,635
Due to other funds	111,579	-	-	47,874	159,453
Deferred revenue	2,727,678	14,121,873	119,891	419,024	17,388,466
	<u>3,325,654</u>	<u>14,121,873</u>	<u>168,732</u>	<u>550,191</u>	<u>18,166,450</u>
 Total liabilities	 <u>3,325,654</u>	 <u>14,121,873</u>	 <u>168,732</u>	 <u>550,191</u>	 <u>18,166,450</u>
Fund Balances:					
Reserved for:					
Debt service	-	794,419	-	2,558,845	3,353,264
Inventory	-	-	-	35,120	35,120
Prepaid items	110,501	-	-	12,619	123,120
Encumbrances	-	-	375,478	8,298	383,776
Unreserved, designated for capital projects	-	-	4,000,000	-	4,000,000
Unreserved, reported in:					
General fund	6,864,596	-	-	-	6,864,596
Special revenue funds	-	-	-	902,768	902,768
Capital projects funds	-	-	961,112	788,245	1,749,357
	<u>6,864,596</u>	<u>-</u>	<u>961,112</u>	<u>788,245</u>	<u>1,749,357</u>
 Total fund balances	 <u>6,975,097</u>	 <u>794,419</u>	 <u>5,336,590</u>	 <u>4,305,895</u>	 <u>17,412,001</u>
 Total liabilities and fund balances	 <u>\$ 10,300,751</u>	 <u>\$ 14,916,292</u>	 <u>\$ 5,505,322</u>	 <u>\$ 4,856,086</u>	 <u>\$ 35,578,451</u>

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE
RECONCILIATION OF TOTAL
GOVERNMENTAL FUND BALANCES TO NET
ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2004**

Total governmental fund balances \$ 17,412,001

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

Capital assets used in governmental
activities are not financial resources and
therefore are not reported in the funds. 38,640,708

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

Income taxes receivable	980,034
Other taxes and intergovernmental receivables	750,886
Special assessments	14,121,873
Other receivables	31,296

Internal service funds are used to charge
the costs of certain activities to individual funds.

The assets and liabilities of the internal service
funds are included in governmental activities
in the statement of net assets. 2,039,430

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

Bonds payable	(25,991,000)
Issuance premium (to be amortized as interest expense)	(329,176)
Deferred charge on refunding	1,216,742
Deferred charge for issuance costs (to be amortized as interest expense)	169,898
Compensated absences	(571,455)
Capital lease payable	(49,304)
Accrued interest on long-term debt	(98,992)

Net assets of governmental activities \$ 48,322,941

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	General	Special Assessment Debt Retirement	Capital Improvements	Non-major Governmental Funds	Total Governmental Funds
REVENUES:					
Local taxes	\$ 11,898,470	\$ -	\$ -	\$ -	\$ 11,898,470
Intergovernmental revenues	1,138,791	-	-	1,190,393	2,329,184
Special assessments	-	637,844	-	-	637,844
Charges for services	35,187	-	-	1,434	36,621
Fines, licenses and permits	321,124	-	-	2,555	323,679
Investment income	183,143	11,047	174,959	151,024	520,173
Lot sales	-	-	-	52,963	52,963
Rent	-	-	-	824,160	824,160
Miscellaneous receipts and reimbursements	206,148	-	-	36,990	243,138
Total revenues	13,782,863	648,891	174,959	2,259,519	16,866,232
EXPENDITURES:					
Current:					
General government	4,139,809	30,624	-	3,848	4,174,281
Public safety	5,105,684	-	-	13,557	5,119,241
Community environment	223,763	-	-	-	223,763
Recreation	459,762	-	-	14,158	473,920
Transportation	-	-	-	1,590,739	1,590,739
Capital outlay	120,934	-	2,051,089	648,734	2,820,757
Debt service:					
Principal	34,382	190,000	-	720,000	944,382
Interest and other charges	2,559	418,732	-	792,298	1,213,589
Total expenditures	10,086,893	639,356	2,051,089	3,783,334	16,560,672
Excess (deficiency) of revenues over (under) expenditures	3,695,970	9,535	(1,876,130)	(1,523,815)	305,560
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	1,400,000	950,000	2,350,000
Transfers out	(2,750,000)	-	-	-	(2,750,000)
Total other financing sources (uses)	(2,750,000)	-	1,400,000	950,000	(400,000)
Net change in fund balances	945,970	9,535	(476,130)	(573,815)	(94,440)
Fund balances, beginning of year	6,029,127	784,884	5,812,720	4,879,710	17,506,441
Fund balances, end of year	\$ 6,975,097	\$ 794,419	\$ 5,336,590	\$ 4,305,895	\$ 17,412,001

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2004**

Net change in fund balances - total governmental funds \$ (94,440)

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

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

Capital asset additions	3,095,891
Current year depreciation	(2,027,219)

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

-

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

Income taxes	(39,050)
Special assessments	(639,331)
Investment income	25,926
Other revenue	(155,804)

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

944,382

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

Interest payable	2,148
Vacation and sick leave benefits	(8,306)
Amortization of deferred charge on refunding	(9,363)
Amortization of issuance costs	18,141
Amortization of bond premiums	(67,053)

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

19,407

Change in net assets of governmental activities

\$ 1,065,329

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2004**

	Business-type Activities			Totals	Governmental Activities - Internal Service Funds
	Waste Collection	Golf Course Operations	Non-major Enterprise Funds		
ASSETS					
Current assets:					
Pooled cash and cash equivalents	\$ 48,122	\$ 57,559	\$ 139,417	\$ 245,098	\$ 587,569
Investments	491,707	-	-	491,707	501,839
Receivables (net):					
Accounts	43,432	45,003	-	88,435	7,008
Interest	2,361	-	-	2,361	2,410
Inventory	-	248,198	-	248,198	-
Prepaid items	8,285	12,654	-	20,939	-
Total current assets	<u>593,907</u>	<u>363,414</u>	<u>139,417</u>	<u>1,096,738</u>	<u>1,098,826</u>
Noncurrent assets:					
Capital assets:					
Capital assets not subject to depreciation:					
Land and land improvements	-	15,166,876	-	15,166,876	-
Capital assets net of					
accumulated depreciation	<u>1,532</u>	<u>3,699,301</u>	<u>314,938</u>	<u>4,015,771</u>	<u>943,232</u>
Total noncurrent assets	<u>1,532</u>	<u>18,866,177</u>	<u>314,938</u>	<u>19,182,647</u>	<u>943,232</u>
Total assets	<u>\$ 595,439</u>	<u>\$ 19,229,591</u>	<u>\$ 454,355</u>	<u>\$ 20,279,385</u>	<u>\$ 2,042,058</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 23,007	\$ 73,208	\$ 5,416	\$ 101,631	\$ -
Accrued liabilities	23,197	43,280	-	66,477	-
Due to other funds	-	117,198	-	117,198	-
Deferred revenue	203,375	-	-	203,375	-
Deposit liability	-	18,425	-	18,425	-
Total current liabilities	<u>249,579</u>	<u>252,111</u>	<u>5,416</u>	<u>507,106</u>	<u>-</u>
Noncurrent liabilities:					
Capital lease payable	-	8,906	-	8,906	-
Compensated absences	<u>94,623</u>	<u>47,903</u>	<u>-</u>	<u>142,526</u>	<u>-</u>
Total noncurrent liabilities	<u>94,623</u>	<u>56,809</u>	<u>-</u>	<u>151,432</u>	<u>-</u>
Total liabilities	<u>344,202</u>	<u>308,920</u>	<u>5,416</u>	<u>658,538</u>	<u>-</u>
NET ASSETS					
Invested in capital assets, net of related debt	1,532	18,866,177	314,938	19,182,647	943,232
Unrestricted	<u>249,705</u>	<u>54,494</u>	<u>134,001</u>	<u>438,200</u>	<u>1,098,826</u>
Total net assets	<u>251,237</u>	<u>18,920,671</u>	<u>448,939</u>	<u>19,620,847</u>	<u>2,042,058</u>
Total liabilities and net assets	<u>\$ 595,439</u>	<u>\$ 19,229,591</u>	<u>\$ 454,355</u>	<u>\$ 20,279,385</u>	<u>\$ 2,042,058</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund:				2,628	
Total net assets from above				<u>19,620,847</u>	
Net assets of business-type activities				<u>\$ 19,623,475</u>	

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Business-type Activities			Totals	Governmental Activities - Internal Service Funds
	Waste Collection	Golf Course Operations	Non-major Enterprise Funds		
OPERATING REVENUES:					
Charges for services	\$ 1,097,682	\$ 3,418,968	\$ 120,200	\$ 4,636,850	\$ 294,270
Other revenue	450	57,114	-	57,564	41,633
Total operating revenues	<u>1,098,132</u>	<u>3,476,082</u>	<u>120,200</u>	<u>4,694,414</u>	<u>335,903</u>
OPERATING EXPENSES:					
Salaries and wages	604,315	1,267,318	-	1,871,633	-
Fringe benefits	181,452	267,399	-	448,851	-
Purchased services	281,978	1,220,259	-	1,502,237	29,904
Supplies and materials	65,933	803,300	11,300	880,533	4,689
Other expenses	108,497	251,917	-	360,414	-
Depreciation	1,014	146,492	151,461	298,967	338,248
Total operating expenses	<u>1,243,189</u>	<u>3,956,685</u>	<u>162,761</u>	<u>5,362,635</u>	<u>372,841</u>
Operating income (loss)	<u>(145,057)</u>	<u>(480,603)</u>	<u>(42,561)</u>	<u>(668,221)</u>	<u>(36,938)</u>
NONOPERATING REVENUES (EXPENSES):					
Investment income	20,115	-	1,685	21,800	24,633
Interest expense	-	(351)	-	(351)	-
Gain (loss) on disposal of assets	-	-	-	-	32,283
Total nonoperating revenues (expenses)	<u>20,115</u>	<u>(351)</u>	<u>1,685</u>	<u>21,449</u>	<u>56,916</u>
Income (loss) before contributions and transfers	(124,942)	(480,954)	(40,876)	(646,772)	19,978
Capital contributions	-	63,126	-	63,126	-
Transfers in	-	400,000	-	400,000	-
Change in net assets	(124,942)	(17,828)	(40,876)	(183,646)	19,978
Total net assets - beginning of year	<u>376,179</u>	<u>18,938,499</u>	<u>489,815</u>		<u>2,022,080</u>
Total net assets - end of year	<u>\$ 251,237</u>	<u>\$ 18,920,671</u>	<u>\$ 448,939</u>		<u>\$ 2,042,058</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				571	
Change in net assets of business-type activities				<u>\$ (183,075)</u>	

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Business-type Activities				Governmental Activities- Internal Service Funds
	Waste Collection	Golf Course Operations	Non-major Enterprise Fund	Total	
Cash flows from operating activities:					
Cash received from customers	\$ 1,107,140	\$ 3,411,724	\$ 120,200	\$ 4,639,064	\$ 328,895
Cash paid to employees	(611,606)	(1,305,717)	-	(1,917,323)	-
Cash paid to suppliers of goods and services	(638,592)	(2,417,104)	(5,884)	(3,061,580)	(34,841)
Other receipts	450	57,198	-	57,648	-
Net cash provided (used) by operating activities	<u>(142,608)</u>	<u>(253,899)</u>	<u>114,316</u>	<u>(282,191)</u>	<u>294,054</u>
Cash flows from non-capital financing activities:					
Transfers, net	-	400,000	-	400,000	-
Cash flows from capital and related financing activities:					
Purchase of property and equipment	-	(147,296)	(120,758)	(268,054)	(138,247)
Proceeds from sale of property and equipment	-	-	-	-	20,100
Principal payments on capital lease	-	(2,085)	-	(2,085)	-
Interest payments on capital lease	-	(351)	-	(351)	-
Net cash used by capital and related financing activities	<u>-</u>	<u>(149,732)</u>	<u>(120,758)</u>	<u>(270,490)</u>	<u>(118,147)</u>
Cash flows from investing activities:					
Purchase of investments	(498,146)	-	-	(498,146)	(508,411)
Sale of investments	548,395	-	-	548,395	490,912
Interest received	18,886	-	1,685	20,571	24,045
Net cash provided (used) by investing activities	<u>69,135</u>	<u>-</u>	<u>1,685</u>	<u>70,820</u>	<u>6,546</u>
Increase (decrease) in cash and cash equivalents	(73,473)	(3,631)	(4,757)	(81,861)	182,453
Cash and cash equivalents at beginning of year	<u>121,595</u>	<u>61,190</u>	<u>144,174</u>	<u>326,959</u>	<u>405,116</u>
Cash and cash equivalents at end of year	<u>\$ 48,122</u>	<u>\$ 57,559</u>	<u>\$ 139,417</u>	<u>\$ 245,098</u>	<u>\$ 587,569</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (145,057)	\$ (480,603)	\$ (42,561)	\$ (668,221)	\$ (36,938)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	1,014	146,492	151,461	298,967	338,248
Change in operating assets and liabilities:					
(Increase) decrease in receivables	3,842	(4,604)	-	(762)	(7,008)
(Increase) decrease in prepaid items	11,376	1,753	-	13,129	-
(Increase) decrease in inventories	-	(9,189)	-	(9,189)	-
Increase (decrease) in liabilities	(13,783)	92,252	5,416	83,885	(248)
Total adjustments	<u>2,449</u>	<u>226,704</u>	<u>156,877</u>	<u>386,030</u>	<u>330,992</u>
Net cash provided by operating activities	<u>\$ (142,608)</u>	<u>\$ (253,899)</u>	<u>\$ 114,316</u>	<u>\$ (282,191)</u>	<u>\$ 294,054</u>
Non-cash investing, capital and financing activities:					
Contribution of capital assets from government	\$ -	\$ 63,126	\$ -	\$ 63,126	\$ -
Change in fair value of investments	\$ (6,439)	\$ -	\$ -	\$ (6,439)	\$ (6,572)

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2004**

	<u>Agency Funds</u>
ASSETS	
Pooled cash and cash equivalents	\$ 54,207
Receivables:	
Accounts	<u>21,030</u>
Total assets	<u>\$ 75,237</u>
LIABILITIES	
Undistributed monies	<u>\$ 75,237</u>

See Notes to the Basic Financial Statements.

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004

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 program or a function and, therefore, are clearly

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

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.

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

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

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.

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

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

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

D. Revenues – Exchange and Non-Exchange Transactions

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

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

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

E. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

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

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

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

2. Inventories and Prepaid Items

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

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

3. Capital Assets

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

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

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

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

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

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

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

4. Compensated Absences

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

5. Bond Discounts, Premiums and Issuance Costs

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

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

6. Reserves and Designations

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

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

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

7. Estimates

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

8. Interfund Activity

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

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

2. Detailed Notes on All Funds

A. Pooled Cash and Investments

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

Deposits - At December 31, 2004, the carrying amount of the City's cash deposits was \$4,143,387 and the bank balance was \$4,556,235. Of the bank balance, \$200,000 was covered by federal depository insurance and the remainder is insured or collateralized with securities held by the City or its safekeeping agent in the City's name.

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

Investments – All investments are reported at fair value which is based on quoted market prices. 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.

The City invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2004. 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, 2004.

The City’s investments are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the City’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City’s name.

	Category		Uncategorzied	Fair Value
	<u>1</u>	<u>2</u>		
Federal Agency Securities		\$12,658,938		\$12,527,770
Money Market Mutual Funds			\$347,683	<u>347,683</u>
Subtotal - Investments				12,875,453
STAR Ohio (classified as pooled cash and cash equivalents)			571,654	<u>571,654</u>
Total				<u>\$13,447,107</u>

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

B. Income Taxes

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

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

C. Property Taxes

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

The property tax calendar is as follows:

Levy date	December 31, 2003
Lien date	December 31, 2003
Tax bill mailed	January 20, 2004
First installment payment due	February 15, 2004
Second installment payment due	July 15, 2004

The assessed values for the City at December 31, 2003, were as follows:

	Assessed Value
Real Estate	\$531,766,210
Tangible Personal Property	27,830,570
Public Utility Personal Property	<u>12,432,310</u>
Total	<u>\$572,029,090</u>

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

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.

D. Capital Assets

Capital asset activity for the year ended December 31, 2004 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land	\$ 3,104,582	\$ 586,966	\$ -	\$3,691,548
Construction in progress	<u>123,240</u>	<u>-</u>	<u>(123,240)</u>	<u>-</u>
Subtotal	<u>3,227,822</u>	<u>586,966</u>	<u>(123,240)</u>	<u>3,691,548</u>
<i>Capital assets being depreciated:</i>				
Building and improvements	7,620,729	896,807	(8,300)	8,509,236
Machinery and equipment	5,732,320	489,646	(223,340)	5,998,626
General infrastructure	<u>40,515,119</u>	<u>1,404,830</u>	<u>-</u>	<u>41,919,949</u>
Subtotal	<u>53,868,168</u>	<u>2,791,283</u>	<u>(231,640)</u>	<u>56,427,811</u>
<i>Less accumulated depreciation for:</i>				
Building and improvements	932,431	192,974	(5,342)	1,120,063
Machinery and equipment	3,241,652	645,762	(217,609)	3,669,805
General infrastructure	<u>14,218,819</u>	<u>1,526,732</u>	<u>-</u>	<u>15,745,551</u>
Subtotal	<u>18,392,902</u>	<u>2,365,468</u>	<u>(222,951)</u>	<u>20,535,419</u>
Net capital assets	<u>\$38,703,088</u>	<u>\$1,012,781</u>	<u>(\$131,929)</u>	<u>\$39,583,940</u>

Depreciation was charged to governmental activities as follows:

General government	\$ 153,425
Public safety	378,701
Community environment	8,100
Recreation	45,361
Transportation	<u>1,655,958</u>
Total governmental activities depreciation expense	<u>\$2,241,545</u>
Portion of internal service funds' depreciation included above allocable to business-type activities	<u>123,923</u>
Total additions to accumulated depreciation of governmental activities	<u>\$2,365,468</u>

City of Centerville, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2004
(continued)

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ <u>15,166,876</u>	\$ _____ -	\$ _____ -	<u>\$15,166,876</u>
<i>Capital assets being depreciated:</i>				
Building and improvements	4,037,103	-	-	4,037,103
Machinery and equipment	<u>1,433,784</u>	<u>331,178</u>	<u>(58,900)</u>	<u>1,706,062</u>
Subtotal	<u>5,470,887</u>	<u>331,178</u>	<u>(58,900)</u>	<u>5,743,165</u>
<i>Less accumulated depreciation for:</i>				
Building and improvements	678,766	89,711	-	\$768,477
Machinery and equipment	<u>808,561</u>	<u>209,256</u>	<u>(58,900)</u>	<u>958,917</u>
Subtotal	<u>1,487,327</u>	<u>298,967</u>	<u>(58,900)</u>	<u>1,727,394</u>
Net capital assets	<u>\$19,150,436</u>	<u>\$32,211</u>	<u>\$ _____ -</u>	<u>\$19,182,647</u>

Depreciation was charged to business-type activities as follows:

Waste collection	\$ 1,014
Golf course operations	146,492
Other business-type activities	<u>151,461</u>
Total business-type activities depreciation expense	<u>\$298,967</u>
Portion of internal service funds' depreciation allocable to business-type activities	<u>123,923</u>
Total additions to accumulated depreciation of business-type activities	<u>\$422,890</u>

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

E. Pension Plans

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

1. Ohio Public Employees Retirement System (OPERS)

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2004, member and employer contribution rates were consistent across all three plans (TP, MD, and CO). Plan members are required to contribute 8.5% of their annual covered salary and the City is required to contribute 13.55%. The City's required contributions to PERS for the years ended December 31, 2004, 2003 and 2002, were \$699,401, \$798,353, and \$656,053, respectively.

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

OP&F is a cost-sharing, multiple-employer defined benefit pension plan which provides retirement and disability benefits, annual cost of living adjustments, and death benefits to

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.5% for police and 24.0% for firefighters. The City's contributions to the plan for police for the years ending December 31, 2004, 2003, and 2002 were \$525,285, \$507,615, and \$482,742, respectively. The unpaid contribution for 2004 was \$148,847, and is recorded as a liability within the respective fund.

F. Post-employment Benefits

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

1. Ohio Public Employees Retirement System

OPERS administers three separate pension plans, the Traditional Plan (TP), the Member-Directed Plan (MD) and the Combined Plan (CO), all of which are described in note E. OPERS provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit for members of both the TP and CO plans. Members of the MD plan do not qualify for post-employment health care coverage. Health care coverage for disability recipients and primary survivor recipients is available. The 2004 employer contribution rate was 13.55%, of which 4.0% was used to fund health care.

OPEB are advanced funded on an actuarially determined basis using the following assumptions. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2003 was 8.0%. Individual base pay was assumed to increase 4.0% compounded annually with no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1.0% to 6.0% for the next 8 years. In subsequent years, health care costs were assumed to increase at 4.0%.

The number of active contributing participants to the TP and CO plans was 369,885 as of December 31, 2004, the date the latest actuarial review was performed. The actuarially determined accrued liability for OPEBs at December 31, 2003, are \$26.9 billion with net assets available for OPEB of \$10.5 billion, leaving an unfunded actuarial liability of \$16.4 billion.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs. Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

2. Ohio Police and Fire Pension Fund

The plan provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

Health care funding and accounting is on a pay-as-you-go basis. The Ohio Revised Code provides that health care costs paid shall be included in the employer's contribution rate. The 2003 employer contribution rate was 19.5% of covered payroll for Police and 24% of covered payroll for Fire of which 7.75% was used to fund health care. In addition, since July 1, 1992, most retirees and survivors were required to

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The number of participants eligible to receive health care benefits as of December 31, 2003, the date of the last actuarial valuation available, was 13,662 for Police and 10,474 for Firefighters. The plan's total health care expenses for the year ended December 31, 2003 were \$150,853,148, which was net of member contributions of \$17,207,506.

G. Interfund Receivables, Payables & Transfers

The composition of interfund balances as of December 31, 2004, is as follows:

Internal balances:

<u>Type</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Internal Service Allocation	\$(2,628)	\$2,628
Due to / Due from Other Funds	<u>117,198</u>	<u>(117,198)</u>
Total	<u>\$114,570</u>	<u>\$(114,570)</u>

Due to / due from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Recreational Projects	\$ 47,874
General	Golf Course Operations	117,198
Golf Course Debt Retirement	General	<u>111,579</u>
Total		<u>\$276,651</u>

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

Interfund transfers:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 0	\$2,750,000
Capital Improvements	1,400,000	0
Non-major Governmental	950,000	0
Golf Course Operations	<u>400,000</u>	<u>0</u>
Total	<u>\$2,750,000</u>	<u>\$2,750,000</u>

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

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

H. Capital Lease

The City has entered into a lease agreement as lessee for financing the acquisition of \$142,000 of machinery and equipment. The City has also financed the acquisition of \$11,160 of equipment for its Golf Course Operations by means of leases. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of December 31, 2004, were as follows:

	Governmental Activities	Golf Course Operations
2005	\$36,941	\$2,436
2006	5,904	2,436
2007	5,904	2,436
2008	<u>2,469</u>	<u>2,234</u>
Total minimum lease payments	51,218	9,542
Less: amount representing interest	<u>(1,914)</u>	<u>(636)</u>
Present value of minimum lease payments	<u>\$49,304</u>	<u>\$8,906</u>

I. Long-term Debt

Long-term liability activity for the year ended December 31, 2004, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
Capital Facilities-Series 2001, 3.50% -5.125%	\$3,200,000	\$ 0	\$ 85,000	\$ 3,115,000	90,000
Various Purpose Refunding- Series 2003, 2.00% -5.25%	15,925,000	0	635,000	15,290,000	650,000
Less deferred amounts:					
For issuance premium	347,317	0	18,141	329,176	0
On refunding	<u>(1,283,795)</u>	<u>0</u>	<u>(67,053)</u>	<u>(1,216,742)</u>	<u>0</u>
Total general obligation bonds	18,188,522	0	671,088	17,517,434	740,000

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

Special Assessment Bonds:					
Street Improvement-Series 1987, 6.375%	42,000	0	11,000	31,000	10,000
Street Improvement-Series 1990, 7.90%	114,000	0	14,000	100,000	15,000
Street Improvement-Series 1994, 5.40% -6.60%	250,000	0	15,000	235,000	20,000
Street Improvement-Series 1995, 4.30% -5.625%	995,000	0	25,000	970,000	25,000
Street Improvement-Series 1998- 1, 4.05% -5.35%	1,075,000	0	25,000	1,050,000	25,000
Street Improvement-Series 1998- 2, 3.50% -5.00%	1,150,000	0	25,000	1,125,000	25,000
Street Improvement-Series 1999, 4.20% -5.75%	1,485,000	0	25,000	1,460,000	25,000
Street Improvement-Series 2000, 4.65% -5.75%	1,050,000	0	20,000	1,030,000	20,000
Street Improvement-Series 2001, 3.70% -5.50%	975,000	0	20,000	955,000	20,000
Street Improvement-Series 2002, 4.20% -5.30%	<u>640,000</u>	<u>0</u>	<u>10,000</u>	<u>630,000</u>	<u>10,000</u>
Total Special Assessment Bonds	7,776,000	0	190,000	7,586,000	195,000
Other:					
Capital leases	83,686	0	34,382	49,304	35,654
Compensated absences	<u>563,149</u>	<u>413,795</u>	<u>405,489</u>	<u>571,455</u>	<u>100,000</u>
Total Other	646,835	413,795	439,871	620,759	135,654
Total-Governmental Activities					
Long-term Liabilities	<u>\$26,611,357</u>	<u>\$413,795</u>	<u>\$1,300,959</u>	<u>\$25,724,193</u>	<u>\$1,070,654</u>
Business-type Activities:					
Other:					
Capital leases	\$ 10,991	\$ 0	\$ 2,085	\$ 8,906	\$ 2,159
Compensated absences	<u>137,502</u>	<u>57,174</u>	<u>52,150</u>	<u>142,526</u>	<u>25,000</u>
Total-Business-type Activities					
Long-term Liabilities	<u>\$148,493</u>	<u>\$57,174</u>	<u>\$54,235</u>	<u>\$151,432</u>	<u>\$27,159</u>

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

Special assessment bonds maturing through 2032 consist of street, sidewalk and curb improvement issues which are payable from the proceeds of assessments against individual property owners. These bonds are backed by the full faith and credit of the City. In the

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

event of delinquencies related to special assessment bonds, the City is required to use other resources until foreclosure proceeds are received to satisfy debt service.

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

The following table summarizes the City's future long-term bond service requirements as of December 31, 2004:

Year Ending	<u>General Obligation</u>		<u>Special Assessment</u>	
	Principal	Interest	Principal	Interest
December 31:				
2005	740,000	776,623	195,000	409,420
2006	755,000	760,473	204,000	399,620
2007	765,000	744,023	206,000	389,279
2008	790,000	726,915	199,000	378,708
2009	825,000	695,565	214,000	368,489
2010-2014	4,575,000	3,000,332	1,198,000	1,662,378
2015-2019	5,470,000	1,939,475	1,335,000	1,327,995
2020-2024	3,655,000	685,350	1,725,000	926,934
2025-2029	830,000	52,313	1,950,000	410,323
2030-2032	<u>0</u>	<u>0</u>	<u>360,000</u>	<u>26,380</u>
Total	<u>\$18,405,000</u>	<u>\$9,381,069</u>	<u>\$7,586,000</u>	<u>\$6,299,526</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, 2004, the City had a legal debt margin for total debt of \$62,375,359 and a legal debt margin for unvoted debt of \$32,672,807.

In 2003, the City issued \$15,980,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Governments Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$14,685,000 of general obligation bonds. As a result, the refunded

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. This advance refunding was undertaken to reduce total debt service payments over the next twenty-two years by \$449,198 and resulted in an economic gain of \$510,217.

To provide for the Bethany Lutheran Village Continuing Care Facility, the City has issued three series of Health Care Variable Rate Demand Revenue Bonds. These bonds are special limited obligations of the City, payable solely from and secured by a letter of credit. The bonds do not constitute a debt or pledge of the faith and credit of the City, the County or the State, and, accordingly, have not been reported in the accompanying financial statements. At December 31, 2004, Health Care Variable Rate Demand Revenue Bonds outstanding aggregated \$3,600,000.

J. Risk Management

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

The City pays an annual premium to MVRMA for this coverage. The agreement provides that MVRMA will be self-sustaining through member premiums and the purchase of excess and stop-loss insurance. The deductible per occurrence for all types of claims is \$2,500. During 2004, MVRMA's per occurrence retention limit for property was \$250,000, with the exception of boiler and machinery for which there was a \$5,000 per occurrence retention limit. Liability had a per occurrence retention limit of \$1,000,000. After the retention limits are reached, excess insurance will cover up to the limits stated below:

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

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

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2004 (continued)

The City is a member of a workers' compensation group rating plan, which allows local governments to group the experience of employers for workers compensation rating purposes. The City pays the State Workers' Compensation System a premium based on salaries paid. The City also provides medical, dental and life insurance to all full time employees. In 2004, the City paid 100% of the premiums for the dental and life insurance coverages. In September 2004, employee began paying a portion of the medical insurance premium.

K. Contingent Liabilities

Accounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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

City of Centerville
Required Supplementary Information
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
General Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Local Taxes	\$ 11,620,400	\$ 11,620,400	\$ 11,600,715	\$ (19,685)
Intergovernmental revenues	847,230	847,230	1,081,587	234,357
Charges for services	29,700	29,700	35,187	5,487
Fines, licenses, and permits	268,800	268,800	318,003	49,203
Interest earned	110,000	110,000	173,044	63,044
Miscellaneous and reimbursements	<u>237,000</u>	<u>237,000</u>	<u>211,207</u>	<u>(25,793)</u>
Total revenues	13,113,130	13,113,130	13,419,743	306,613
Expenditures:				
Current:				
General government	4,645,509	4,518,509	4,191,220	327,289
Public safety	5,365,362	5,328,362	5,295,465	32,897
Community environment	272,858	257,858	227,604	30,254
Recreation	<u>574,850</u>	<u>478,850</u>	<u>472,087</u>	<u>6,763</u>
Total expenditures	10,858,579	10,583,579	10,186,376	397,203
Excess (deficiency) of revenues over expenditures	2,254,551	2,529,551	3,233,367	703,816
Other financing sources (uses):				
Transfers (out)	<u>(2,350,000)</u>	<u>(2,350,000)</u>	<u>(2,750,000)</u>	<u>(400,000)</u>
Total other financing sources (uses)	(2,350,000)	(2,350,000)	(2,750,000)	(400,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(95,449)	179,551	483,367	303,816
Fund balance at beginning of year	<u>5,084,043</u>	<u>5,084,043</u>	<u>5,084,043</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,988,594</u>	<u>\$ 5,263,594</u>	<u>\$ 5,567,410</u>	<u>\$ 303,816</u>

City of Centerville, Ohio

Notes to the Required Supplementary Information For the Fiscal Year Ended December 31, 2004

1. Basis of Budgeting

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

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

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

2. Budgets Process

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

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

City of Centerville, Ohio

Notes to the Required Supplementary Information For the Fiscal Year Ended December 31, 2004 (continued)

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

The City Manager acts as budget officer for the City and submits a proposed operating budget to the City Council on an annual basis. Public hearings are held to obtain taxpayer comments. The Council enacts the budget through passage of an ordinance. The appropriations ordinance controls expenditures at the fund level. The appropriation measure may only be amended or supplemented during the year by ordinance of the City Council. The allocation of appropriations among departments and objects within a fund may be modified with approval of the City Manager. Appropriations may not exceed estimated resources. During the year, supplemental appropriations were made. The appropriations and estimated revenue reported within the Schedule of Revenue, Expenditure, and Changes in Fund Balance – Budget and Actual – Budgetary (Non-GAAP) Basis reflect the final appropriations and estimated revenues as approved by City Council and the County Budget Commission, respectively, at December 31, 2004.

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

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

Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis for the general fund, the special assessment debt retirement fund and the capital improvements fund are presented on the budgetary basis in the Required Supplementary Information to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (1) Revenues are recorded when received in cash (budget) as opposed to when they are both measurable and available (GAAP).
- (2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- (3) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).

City of Centerville, Ohio

Notes to the Required Supplementary Information For the Fiscal Year Ended December 31, 2004 (continued)

3. Reconciliation of Budget Basis to GAAP Basis

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

	General Fund
GAAP basis	\$ 615,830
Net adjustment for revenue accruals	(363,121)
Net adjustment for expenditure accruals	300,265
Net adjustment for encumbrances	<u>(69,607)</u>
Budget basis	<u>\$ 483,367</u>

City of Centerville Non-Major Fund Descriptions

Non-Major Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

City of Centerville
Non-Major Fund Descriptions

Non-Major Debt Service Funds

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

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

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

Non-Major Capital Projects Funds

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

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

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

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

**CITY OF CENTERVILLE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2004**

	Non-major Special Revenue Funds	Non-major Debt Service Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
ASSETS				
Pooled cash and cash equivalents	\$ 746,389	\$ 551,794	\$ 635,529	\$ 1,933,712
Investments	45,660	1,883,359	234,827	2,163,846
Receivables (net):				
Accounts	984	10,293	-	11,277
Intergovernmental	569,525	-	-	569,525
Interest	219	17,060	1,129	18,408
Due from other funds	-	111,579	-	111,579
Inventory	35,120	-	-	35,120
Prepaid items	12,619	-	-	12,619
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,410,516</u>	<u>\$ 2,574,085</u>	<u>\$ 871,485</u>	<u>\$ 4,856,086</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 6,904	\$ -	\$ 35,366	\$ 42,270
Accrued liabilities	41,023	-	-	41,023
Due to other funds	-	-	47,874	47,874
Deferred revenue	403,784	15,240	-	419,024
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>451,711</u>	<u>15,240</u>	<u>83,240</u>	<u>550,191</u>
Fund Balances:				
Reserved for:				
Debt service	-	2,558,845	-	2,558,845
Inventory	35,120	-	-	35,120
Prepaid Items	12,619	-	-	12,619
Encumbrances	8,298	-	-	8,298
Unreserved	902,768	-	788,245	1,691,013
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>958,805</u>	<u>2,558,845</u>	<u>788,245</u>	<u>4,305,895</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 1,410,516</u>	<u>\$ 2,574,085</u>	<u>\$ 871,485</u>	<u>\$ 4,856,086</u>

**CITY OF CENTERVILLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Non-major Special Revenue Funds	Non-major Debt Service Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
REVENUES:				
Intergovernmental revenues	\$ 1,190,393	\$ -	\$ -	\$ 1,190,393
Charges for services	1,434	-	-	1,434
Fines, licenses and permits	2,555	-	-	2,555
Investment income	14,438	117,244	19,342	151,024
Lot sales	-	52,963	-	52,963
Rent	-	824,160	-	824,160
Miscellaneous	<u>36,475</u>	<u>-</u>	<u>515</u>	<u>36,990</u>
 Total revenues	 <u>1,245,295</u>	 <u>994,367</u>	 <u>19,857</u>	 <u>2,259,519</u>
EXPENDITURES:				
Current:				
General government	3,848	-	-	3,848
Public safety	13,557	-	-	13,557
Recreation	14,158	-	-	14,158
Transportation	1,590,739	-	-	1,590,739
Capital outlay	201,322	-	447,412	648,734
Debt service:				
Principal	-	720,000	-	720,000
Interest	<u>-</u>	<u>792,298</u>	<u>-</u>	<u>792,298</u>
 Total expenditures	 <u>1,823,624</u>	 <u>1,512,298</u>	 <u>447,412</u>	 <u>3,783,334</u>
Deficiency of revenues over (under) expenditures	<u>(578,329)</u>	<u>(517,931)</u>	<u>(427,555)</u>	<u>(1,523,815)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	<u>750,000</u>	<u>50,000</u>	<u>150,000</u>	<u>950,000</u>
 Total other financing sources (uses)	 <u>750,000</u>	 <u>50,000</u>	 <u>150,000</u>	 <u>950,000</u>
Net change in fund balances	171,671	(467,931)	(277,555)	(573,815)
Fund balances, beginning of year	<u>787,134</u>	<u>3,026,776</u>	<u>1,065,800</u>	<u>4,879,710</u>
Fund balances, end of year	<u>\$ 958,805</u>	<u>\$ 2,558,845</u>	<u>\$ 788,245</u>	<u>\$ 4,305,895</u>

**CITY OF CENTERVILLE
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2004**

(continued)

	Street Construction & Maintenance	State Highway	Permissive Tax	Law Enforcement	Enforcement & Education
ASSETS					
Pooled cash and cash equivalents	\$ 463,790	\$ 42,474	\$ 2,249	\$ 61,150	\$ 11,689
Investments	-	-	-	-	-
Receivables (net):					
Accounts	-	-	-	-	984
Intergovernmental	522,398	42,357	4,437	-	333
Interest	-	-	-	-	-
Due from other funds	-	-	-	-	-
Inventory	35,120	-	-	-	-
Prepaid items	12,619	-	-	-	-
	<u>1,033,927</u>	<u>84,831</u>	<u>6,686</u>	<u>61,150</u>	<u>13,006</u>
Total assets	<u>\$ 1,033,927</u>	<u>\$ 84,831</u>	<u>\$ 6,686</u>	<u>\$ 61,150</u>	<u>\$ 13,006</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 3,747	\$ -	\$ -	\$ -	\$ 407
Accrued liabilities	41,023	-	-	-	-
Deferred revenue	373,500	30,284	-	-	-
	<u>418,270</u>	<u>30,284</u>	<u>-</u>	<u>-</u>	<u>407</u>
Total liabilities	<u>418,270</u>	<u>30,284</u>	<u>-</u>	<u>-</u>	<u>407</u>
Fund Balances:					
Reserved for:					
Inventory	35,120	-	-	-	-
Prepaid items	12,619	-	-	-	-
Encumbrances	175	-	-	-	18
Unreserved	567,743	54,547	6,686	61,150	12,581
	<u>615,657</u>	<u>54,547</u>	<u>6,686</u>	<u>61,150</u>	<u>12,599</u>
Total fund balances	<u>615,657</u>	<u>54,547</u>	<u>6,686</u>	<u>61,150</u>	<u>12,599</u>
Total liabilities and fund balances	<u>\$ 1,033,927</u>	<u>\$ 84,831</u>	<u>\$ 6,686</u>	<u>\$ 61,150</u>	<u>\$ 13,006</u>

**CITY OF CENTERVILLE
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2004**

	Drug Law	Friends of Benham's Grove	Hospital Insurance	Police Operations Project	Non-major Special Revenue Funds Totals
ASSETS					
Pooled cash and investments	\$ 797	\$ 24,670	\$ 70,611	\$ 68,959	\$ 746,389
Investments	-	-	45,660	-	45,660
Receivables (net):					
Accounts	-	-	-	-	984
Intergovernmental	-	-	-	-	569,525
Interest	-	-	219	-	219
Due from other funds	-	-	-	-	-
Inventory	-	-	-	-	35,120
Prepaid items	-	-	-	-	12,619
	<u>797</u>	<u>24,670</u>	<u>116,490</u>	<u>68,959</u>	<u>1,410,516</u>
Total assets	<u>\$ 797</u>	<u>\$ 24,670</u>	<u>\$ 116,490</u>	<u>\$ 68,959</u>	<u>\$ 1,410,516</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 100	\$ -	\$ 2,650	\$ 6,904
Accrued liabilities	-	-	-	-	41,023
Deferred revenue	-	-	-	-	403,784
	<u>-</u>	<u>100</u>	<u>-</u>	<u>2,650</u>	<u>451,711</u>
Total liabilities	<u>-</u>	<u>100</u>	<u>-</u>	<u>2,650</u>	<u>451,711</u>
Fund Balances:					
Reserved for:					
Inventory	-	-	-	-	35,120
Prepaid items	-	-	-	-	12,619
Encumbrances	-	-	-	8,105	8,298
Unreserved	797	24,570	116,490	58,204	902,768
	<u>797</u>	<u>24,570</u>	<u>116,490</u>	<u>66,309</u>	<u>958,805</u>
Total fund balances	<u>797</u>	<u>24,570</u>	<u>116,490</u>	<u>66,309</u>	<u>958,805</u>
Total liabilities and fund balances	<u>\$ 797</u>	<u>\$ 24,670</u>	<u>\$ 116,490</u>	<u>\$ 68,959</u>	<u>\$ 1,410,516</u>

CITY OF CENTERVILLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

(continued)

	Street Construction & Maintenance	State Highway	Permissive Tax	Law Enforcement	Enforcement & Education
REVENUES:					
Intergovernmental revenues	\$ 934,612	\$ 75,780	\$ 180,001	\$ -	\$ -
Charges for services	1,434	-	-	-	-
Fines, licenses and permits	-	-	-	-	2,555
Investment income	7,751	430	903	814	135
Miscellaneous	100	-	-	2,720	9,989
	<u>943,897</u>	<u>76,210</u>	<u>180,904</u>	<u>3,534</u>	<u>12,679</u>
Total revenues					
EXPENDITURES:					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	3,000	6,968
Recreation	-	-	-	-	-
Transportation	1,541,109	49,630	-	-	-
Capital outlay	-	-	190,000	-	-
	<u>1,541,109</u>	<u>49,630</u>	<u>190,000</u>	<u>3,000</u>	<u>6,968</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>(597,212)</u>	<u>26,580</u>	<u>(9,096)</u>	<u>534</u>	<u>5,711</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>750,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	152,788	26,580	(9,096)	534	5,711
Fund balances, beginning of year	<u>462,869</u>	<u>27,967</u>	<u>15,782</u>	<u>60,616</u>	<u>6,888</u>
Fund balances, end of year	<u>\$ 615,657</u>	<u>\$ 54,547</u>	<u>\$ 6,686</u>	<u>\$ 61,150</u>	<u>\$ 12,599</u>

**CITY OF CENTERVILLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Drug Law	Friends of Benham's Grove	Hospital Insurance	Police Operations Project	Non-major Special Revenue Funds Totals
REVENUES:					
Intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ 1,190,393
Charges for services	-	-	-	-	1,434
Fines, licenses and permits	-	-	-	-	2,555
Investment income	11	311	2,638	1,445	14,438
Miscellaneous	-	19,466	-	4,200	36,475
Total revenues	11	19,777	2,638	5,645	1,245,295
EXPENDITURES:					
Current:					
General government	-	-	3,848	-	3,848
Public safety	-	-	-	3,589	13,557
Recreation	-	14,158	-	-	14,158
Transportation	-	-	-	-	1,590,739
Capital outlay	-	-	-	11,322	201,322
Total expenditures	-	14,158	3,848	14,911	1,823,624
Excess (deficiency) of revenues over (under) expenditures	11	5,619	(1,210)	(9,266)	(578,329)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	750,000
Total other financing sources (uses)	-	-	-	-	750,000
Net change in fund balances	11	5,619	(1,210)	(9,266)	171,671
Fund balances, beginning of year	786	18,951	117,700	75,575	787,134
Fund balances, end of year	\$ 797	\$ 24,570	\$ 116,490	\$ 66,309	\$ 958,805

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Street Construction and Maintenance Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 878,000	\$ 878,000	\$ 863,399	\$ (14,601)
Charges for services	500	500	1,434	934
Interest earned	7,000	7,000	6,736	(264)
Miscellaneous and reimbursements	-	-	100	100
Total revenues	<u>885,500</u>	<u>885,500</u>	<u>871,669</u>	<u>(13,831)</u>
Expenditures:				
Current:				
Transportation	<u>1,733,464</u>	<u>1,683,464</u>	<u>1,547,045</u>	<u>136,419</u>
Total expenditures	<u>1,733,464</u>	<u>1,683,464</u>	<u>1,547,045</u>	<u>136,419</u>
Excess (deficiency) of revenues over expenditures	(847,964)	(797,964)	(675,376)	122,588
Other financing sources (uses):				
Transfers in	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>-</u>
Total other financing sources (uses)	<u>750,000</u>	<u>750,000</u>	<u>750,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(97,964)	(47,964)	74,624	122,588
Fund balance at beginning of year	<u>385,574</u>	<u>385,574</u>	<u>385,574</u>	<u>-</u>
Fund balance at end of year	<u>\$ 287,610</u>	<u>\$ 337,610</u>	<u>\$ 460,198</u>	<u>\$ 122,588</u>

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
State Highway Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 71,000	\$ 71,000	\$ 68,911	\$ (2,089)
Interest earned	550	550	430	(120)
Total revenues	<u>71,550</u>	<u>71,550</u>	<u>69,341</u>	<u>(2,209)</u>
Expenditures:				
Current:				
Transportation	<u>76,636</u>	<u>76,636</u>	<u>56,190</u>	<u>20,446</u>
Total expenditures	<u>76,636</u>	<u>76,636</u>	<u>56,190</u>	<u>20,446</u>
Excess (deficiency) of revenues over expenditures	(5,086)	(5,086)	13,151	18,237
Fund balance at beginning of year	<u>28,983</u>	<u>28,983</u>	<u>28,983</u>	<u>-</u>
Fund balance at end of year	<u>\$ 23,897</u>	<u>\$ 23,897</u>	<u>\$ 42,134</u>	<u>\$ 18,237</u>

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Permissive Tax Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 188,000	\$ 188,000	\$ 180,232	\$ (7,768)
Interest earned	<u>2,500</u>	<u>2,500</u>	<u>903</u>	<u>(1,597)</u>
Total revenues	<u>190,500</u>	<u>190,500</u>	<u>181,135</u>	<u>(9,365)</u>
Expenditures:				
Capital outlay	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>-</u>
Total expenditures	<u>190,000</u>	<u>190,000</u>	<u>190,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	500	500	(8,865)	(9,365)
Fund balance at beginning of year	<u>11,114</u>	<u>11,114</u>	<u>11,114</u>	<u>-</u>
Fund balance at end of year	<u>\$ 11,614</u>	<u>\$ 11,614</u>	<u>\$ 2,249</u>	<u>\$ (9,365)</u>

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Law Enforcement Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 1,100	\$ 1,100	\$ 814	\$ (286)
Miscellaneous and reimbursements	3,000	3,000	2,720	(280)
Total revenues	4,100	4,100	3,534	(566)
Expenditures:				
Current:				
Public safety	6,000	6,000	3,000	3,000
Total expenditures	6,000	6,000	3,000	3,000
Excess (deficiency) of revenues over expenditures	(1,900)	(1,900)	534	2,434
Fund balance at beginning of year	60,617	60,617	60,617	-
Fund balance at end of year	<u>\$ 58,717</u>	<u>\$ 58,717</u>	<u>\$ 61,151</u>	<u>\$ 2,434</u>

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Enforcement and Education Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Fines, licenses, and permits	\$ 1,500	\$ 1,500	\$ 2,287	\$ 787
Interest earned	110	110	135	25
Miscellaneous and reimbursements	2,000	2,000	9,926	7,926
Total revenues	3,610	3,610	12,348	8,738
Expenditures:				
Current:				
Public safety	6,000	7,000	6,986	14
Total expenditures	6,000	7,000	6,986	14
Excess (deficiency) of revenues over expenditures	(2,390)	(3,390)	5,362	8,752
Fund balance at beginning of year	5,903	5,903	5,903	-
Fund balance at end of year	<u>\$ 3,513</u>	<u>\$ 2,513</u>	<u>\$ 11,265</u>	<u>\$ 8,752</u>

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Drug Law Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 10	\$ 10	\$ 11	\$ 1
Total revenues	10	10	11	1
Expenditures:				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	10	10	11	1
Fund balance at beginning of year	785	785	785	-
Fund balance at end of year	\$ 795	\$ 795	\$ 796	\$ 1

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Friends of Benham's Grove Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 300	\$ 300	\$ 311	\$ 11
Miscellaneous and reimbursements	26,000	26,000	19,466	(6,534)
Total revenues	26,300	26,300	19,777	(6,523)
Expenditures:				
Current:				
Recreation	24,329	24,329	14,090	10,239
Total expenditures	24,329	24,329	14,090	10,239
Excess (deficiency) of revenues over expenditures	1,971	1,971	5,687	3,716
Fund balance at beginning of year	18,983	18,983	18,983	-
Fund balance at end of year	\$ 20,954	\$ 20,954	\$ 24,670	\$ 3,716

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Hospital Insurance Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 2,500	\$ 2,500	\$ 2,584	\$ 84
Total revenues	2,500	2,500	2,584	84
Expenditures:				
Current:				
General government	-	20,000	3,848	16,152
Total expenditures	-	20,000	3,848	16,152
Excess (deficiency) of revenues over expenditures	2,500	(17,500)	(1,264)	16,236
Fund balance at beginning of year	118,134	118,134	118,134	-
Fund balance at end of year	\$ 120,634	\$ 100,634	\$ 116,870	\$ 16,236

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Police Operations Project Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 1,000	\$ 1,000	\$ 1,190	\$ 190
Miscellaneous and reimbursements	4,000	4,000	4,200	200
Total revenues	5,000	5,000	5,390	390
Expenditures:				
Current:				
Public safety	11,030	11,030	3,589	7,441
Capital outlay	23,250	23,250	24,672	(1,422)
Total expenditures	34,280	34,280	28,261	6,019
Excess (deficiency) of revenues over expenditures	(29,280)	(29,280)	(22,871)	6,409
Fund balance at beginning of year	83,724	83,724	83,724	-
Fund balance at end of year	\$ 54,444	\$ 54,444	\$ 60,853	\$ 6,409

**CITY OF CENTERVILLE
 COMBINING BALANCE SHEET
 NON-MAJOR DEBT SERVICE FUNDS
 DECEMBER 31, 2004**

	Unvoted Debt <u>Retirement</u>	Golf Course Debt <u>Retirement</u>	Non-major Debt Service <u>Funds Totals</u>
ASSETS			
Pooled cash and cash equivalents	\$ 20,870	\$ 530,924	\$ 551,794
Investments	-	1,883,359	1,883,359
Receivables (net):			
Accounts	-	10,293	10,293
Interest	-	17,060	17,060
Due from other funds	-	111,579	111,579
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 20,870</u>	<u>\$ 2,553,215</u>	<u>\$ 2,574,085</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	<u>\$ -</u>	<u>\$ 15,240</u>	<u>\$ 15,240</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>15,240</u>	<u>15,240</u>
Fund Balances:			
Reserved for:			
Debt service	<u>20,870</u>	<u>2,537,975</u>	<u>2,558,845</u>
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>20,870</u>	<u>2,537,975</u>	<u>2,558,845</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 20,870</u>	<u>\$ 2,553,215</u>	<u>\$ 2,574,085</u>

**CITY OF CENTERVILLE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES
 NON-MAJOR DEBT SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004**

	Unvoted Debt Retirement	Golf Course Debt Retirement	Non-major Debt Service Funds Totals
REVENUES:			
Investment income	\$ 1,234	\$ 116,010	\$ 117,244
Lot sales	-	52,963	52,963
Rent	-	824,160	824,160
	<u>1,234</u>	<u>993,133</u>	<u>994,367</u>
Total revenues			
EXPENDITURES:			
Debt service:			
Principal	70,000	650,000	720,000
Interest and fiscal charges	43,579	748,719	792,298
	<u>113,579</u>	<u>1,398,719</u>	<u>1,512,298</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	(112,345)	(405,586)	(517,931)
OTHER FINANCING USES:			
Transfers in	50,000	-	50,000
	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total other financing uses			
Net change in fund balances	(62,345)	(405,586)	(467,931)
Fund balances, beginning of year	83,215	2,943,561	3,026,776
	<u>83,215</u>	<u>2,943,561</u>	<u>3,026,776</u>
Fund balances, end of year	<u>\$ 20,870</u>	<u>\$ 2,537,975</u>	<u>\$ 2,558,845</u>

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Unvoted Debt Retirement Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 750	\$ 750	\$ 1,234	\$ 484
Total revenues	<u>750</u>	<u>750</u>	<u>1,234</u>	<u>484</u>
Expenditures:				
Debt service:				
Principal	70,000	70,000	70,000	-
Interest and fiscal charges	<u>43,550</u>	<u>44,000</u>	<u>43,579</u>	<u>421</u>
Total expenditures	<u>113,550</u>	<u>114,000</u>	<u>113,579</u>	<u>421</u>
Excess (deficiency) of revenues over expenditures	(112,800)	(113,250)	(112,345)	905
Other financing sources (uses):				
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	-
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(62,800)	(63,250)	(62,345)	905
Fund balance at beginning of year	<u>83,216</u>	<u>83,216</u>	<u>83,216</u>	-
Fund balance at end of year	<u>\$ 20,416</u>	<u>\$ 19,966</u>	<u>\$ 20,871</u>	<u>\$ 905</u>

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Golf Course Debt Retirement Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 28,000	\$ 28,000	\$ 99,374	\$ 71,374
Sale of lots	100,000	100,000	102,171	2,171
Miscellaneous and reimbursements	824,160	824,160	837,060	12,900
Total revenues	952,160	952,160	1,038,605	86,445
Expenditures:				
Debt service:				
Principal	650,000	650,000	650,000	-
Interest and fiscal charges	748,620	749,000	748,719	281
Total expenditures	1,398,620	1,399,000	1,398,719	281
Excess (deficiency) of revenues over expenditures	(446,460)	(446,840)	(360,114)	86,726
Fund balance at beginning of year	2,887,597	2,887,597	2,887,597	-
Fund balance at end of year	\$ 2,441,137	\$ 2,440,757	\$ 2,527,483	\$ 86,726

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Special Assessment Debt Retirement Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Special assessments	\$ 641,240	\$ 641,240	\$ 639,741	\$ (1,499)
Interest earned	6,000	6,000	11,939	5,939
Total revenues	647,240	647,240	651,680	4,440
Expenditures:				
Current:				
General government	37,000	37,000	30,624	6,376
Debt service:				
Principal	190,000	190,000	190,000	-
Interest and fiscal charges	418,740	418,740	418,732	8
Total expenditures	645,740	645,740	639,356	6,384
Excess (deficiency) of revenues over expenditures	1,500	1,500	12,324	10,824
Fund balance at beginning of year	143,698	143,698	143,698	-
Fund balance at end of year	\$ 145,198	\$ 145,198	\$ 156,022	\$ 10,824

**CITY OF CENTERVILLE
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2004**

	Recreational Projects	Capital Equipment Purchase	Special Assessment Improvements	Non-major Capital Projects Funds Totals
ASSETS				
Pooled cash and cash equivalents	\$ 301,004	\$ 37,208	\$ 297,317	\$ 635,529
Investments	19,269	82,144	133,414	234,827
Receivables (net):				
Interest	<u>93</u>	<u>395</u>	<u>641</u>	<u>1,129</u>
 Total assets	 <u>\$ 320,366</u>	 <u>\$ 119,747</u>	 <u>\$ 431,372</u>	 <u>\$ 871,485</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 35,366	\$ -	\$ 35,366
Due to other funds	<u>47,874</u>	<u>-</u>	<u>-</u>	<u>47,874</u>
 Total liabilities	 <u>47,874</u>	 <u>35,366</u>	 <u>-</u>	 <u>83,240</u>
 Fund Balances:				
Unreserved	<u>272,492</u>	<u>84,381</u>	<u>431,372</u>	<u>788,245</u>
 Total fund balances	 <u>272,492</u>	 <u>84,381</u>	 <u>431,372</u>	 <u>788,245</u>
 Total liabilities and fund balances	 <u>\$ 320,366</u>	 <u>\$ 119,747</u>	 <u>\$ 431,372</u>	 <u>\$ 871,485</u>

**CITY OF CENTERVILLE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES
 NON-MAJOR CAPITAL PROJECTS FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004**

	Recreational Projects	Capital Equipment Purchase	Special Assessment Improvements	Non-major Capital Projects Funds Totals
REVENUES:				
Investment income	\$ 5,872	\$ 3,524	\$ 9,946	\$ 19,342
Miscellaneous	<u>-</u>	<u>515</u>	<u>-</u>	<u>515</u>
Total revenues	<u>5,872</u>	<u>4,039</u>	<u>9,946</u>	<u>19,857</u>
EXPENDITURES:				
Capital outlay	<u>97,478</u>	<u>163,957</u>	<u>185,977</u>	<u>447,412</u>
Total expenditures	<u>97,478</u>	<u>163,957</u>	<u>185,977</u>	<u>447,412</u>
Net change in fund balances	(91,606)	(159,918)	(176,031)	(427,555)
OTHER FINANCING USES:				
Transfers in	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Total other financing uses	<u>-</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Excess (deficiency) of revenues and other financing sources over/(under) expenditures and other financing uses	(91,606)	(9,918)	(176,031)	(277,555)
Fund balances, beginning of year	<u>364,098</u>	<u>94,299</u>	<u>607,403</u>	<u>1,065,800</u>
Fund balances, end of year	<u>\$ 272,492</u>	<u>\$ 84,381</u>	<u>\$ 431,372</u>	<u>\$ 788,245</u>

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Capital Improvements Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 125,000	\$ 125,000	\$ 159,700	\$ 34,700
Total revenues	125,000	125,000	159,700	34,700
Expenditures:				
Capital outlay	4,869,244	4,119,244	2,720,062	1,399,182
Total expenditures	4,869,244	4,119,244	2,720,062	1,399,182
Excess (deficiency) of revenues over expenditures	(4,744,244)	(3,994,244)	(2,560,362)	1,433,882
Other financing sources (uses):				
Sale of fixed assets	485,000	485,000	-	(485,000)
Transfers in	1,400,000	1,400,000	1,400,000	-
Total other financing sources (uses)	1,885,000	1,885,000	1,400,000	(485,000)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,859,244)	(2,109,244)	(1,160,362)	948,882
Fund balance at beginning of year	6,264,182	6,264,182	6,264,182	-
Fund balance at end of year	\$ 3,404,938	\$ 4,154,938	\$ 5,103,820	\$ 948,882

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Recreational Projects Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 5,000	\$ 5,000	\$ 5,315	\$ 315
Total revenues	5,000	5,000	5,315	315
Expenditures:				
Capital outlay	50,174	110,174	49,604	60,570
Total expenditures	50,174	110,174	49,604	60,570
Excess (deficiency) of revenues over expenditures	(45,174)	(105,174)	(44,289)	60,885
Fund balance at beginning of year	364,814	364,814	364,814	-
Fund balance at end of year	\$ 319,640	\$ 259,640	\$ 320,525	\$ 60,885

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Capital Equipment Purchase Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 1,000	\$ 1,000	\$ 3,427	\$ 2,427
Total revenues	1,000	1,000	3,427	2,427
Expenditures:				
Capital outlay	219,265	219,265	162,865	56,400
Total expenditures	219,265	219,265	162,865	56,400
Excess (deficiency) of revenues over expenditures	(218,265)	(218,265)	(159,438)	58,827
Other financing sources (uses):				
Sale of general capital assets	-	-	515	515
Transfers in	150,000	150,000	150,000	-
Total other financing sources (uses)	150,000	150,000	150,515	515
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(68,265)	(68,265)	(8,923)	59,342
Fund balance at beginning of year	95,793	95,793	95,793	-
Fund balance at end of year	\$ 27,528	\$ 27,528	\$ 86,870	\$ 59,342

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Special Assessment Improvements Fund
For the Year Ended December 31, 2004

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 8,000	\$ 8,000	\$ 9,789	\$ 1,789
Total revenues	8,000	8,000	9,789	1,789
Expenditures:				
Capital outlay	182,909	202,909	185,977	16,932
Total expenditures	182,909	202,909	185,977	16,932
Excess (deficiency) of revenues over expenditures	(174,909)	(194,909)	(176,188)	18,721
Fund balance at beginning of year	608,668	608,668	608,668	-
Fund balance at end of year	\$ 433,759	\$ 413,759	\$ 432,480	\$ 18,721

**CITY OF CENTERVILLE
 COMBINING BALANCE SHEET
 NON-MAJOR ENTERPRISE FUND
 DECEMBER 31, 2004**

	Yankee Trace Equipment Purchase
ASSETS	
Current assets:	
Pooled cash and cash equivalents	\$ 139,417
Total current assets	<u>139,417</u>
Noncurrent assets:	
Capital assets:	
Capital assets net of accumulated depreciation	<u>314,938</u>
Total noncurrent assets	<u>314,938</u>
Total assets	<u>\$ 454,355</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 5,416
Total current liabilities	<u>5,416</u>
NET ASSETS	
Invested in capital assets, net of related debt	314,938
Unrestricted	<u>134,001</u>
Total net assets	<u>448,939</u>
Total liabilities and net assets	<u>\$ 454,355</u>

**CITY OF CENTERVILLE
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
 FUND NET ASSETS - NON-MAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004**

	Yankee Trace Equipment Purchase
OPERATING REVENUES:	
Charges for services	\$ 120,200
Total operating revenues	<u>120,200</u>
OPERATING EXPENSES:	
Supplies and materials	11,300
Depreciation	<u>151,461</u>
Total operating expenses	<u>162,761</u>
Operating income (loss)	<u>(42,561)</u>
NONOPERATING REVENUES (EXPENSES):	
Investment income	<u>1,685</u>
Total nonoperating revenues (expenses)	<u>1,685</u>
Income (loss)	(40,876)
Change in net assets	(40,876)
Net assets, beginning of year	<u>489,815</u>
Net assets, end of year	<u>\$ 448,939</u>

**CITY OF CENTERVILLE
 COMBINING STATEMENT OF CASH FLOWS
 NON-MAJOR ENTERPRISE FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004**

	Yankee Trace Equipment Purchase
Cash flows from operating activities:	
Cash received from customers	\$ 120,200
Cash paid to suppliers of goods and services	<u>(5,884)</u>
Net cash provided (used) by operating activities	<u>114,316</u>
Cash flows from capital and related financing activities:	
Purchase of property and equipment	(120,758)
Proceeds from sale of property and equipment	<u>-</u>
Net cash used by capital and related financing activities	<u>(120,758)</u>
Cash flows from investing activities:	
Interest received	<u>1,685</u>
Net cash provided (used) by investing activities	<u>1,685</u>
Increase (decrease) in cash and cash equivalents	(4,757)
Cash and cash equivalents at beginning of year	<u>144,174</u>
Cash and cash equivalents at end of year	<u>\$ 139,417</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	<u>\$ (42,561)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	<u>151,461</u>
Change in operating assets and liabilities:	
Increase (decrease) in liabilities	<u>5,416</u>
Total adjustments	<u>156,877</u>
Net cash provided by operating income	<u>\$ 114,316</u>

**CITY OF CENTERVILLE
COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS
DECEMBER 31, 2004**

	Central Vehicle Purchase	Insurance Deductible	Internal Service Totals
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Pooled cash and cash equivalents	\$ 465,027	\$ 122,542	\$ 587,569
Investments	357,535	144,304	501,839
Receivables (net):			
Accounts	-	7,008	7,008
Accrued interest	<u>1,717</u>	<u>693</u>	<u>2,410</u>
Total current assets	<u>824,279</u>	<u>274,547</u>	<u>1,098,826</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>943,232</u>	<u>-</u>	<u>943,232</u>
Total noncurrent assets	<u>943,232</u>	<u>-</u>	<u>943,232</u>
Total assets	<u>\$ 1,767,511</u>	<u>\$ 274,547</u>	<u>\$ 2,042,058</u>
LIABILITIES			
Current liabilities:			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS			
Invested in capital assets, net of related debt	943,232	-	943,232
Unrestricted	<u>824,279</u>	<u>274,547</u>	<u>1,098,826</u>
Total net assets	<u>1,767,511</u>	<u>274,547</u>	<u>2,042,058</u>
Total liabilities and net assets	<u>\$ 1,767,511</u>	<u>\$ 274,547</u>	<u>\$ 2,042,058</u>

**CITY OF CENTERVILLE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Central Vehicle Purchase	Insurance Deductible	Internal Service Totals
OPERATING REVENUES:			
Charges for services	\$ 294,270	\$ -	\$ 294,270
Other revenue	<u>-</u>	<u>41,633</u>	<u>41,633</u>
Total operating revenues	<u>294,270</u>	<u>41,633</u>	<u>335,903</u>
OPERATING EXPENSES:			
Purchased services	-	29,904	29,904
Supplies and materials	4,689	-	4,689
Depreciation	<u>338,248</u>	<u>-</u>	<u>338,248</u>
Total operating expenses	<u>342,937</u>	<u>29,904</u>	<u>372,841</u>
Operating income (loss)	<u>(48,667)</u>	<u>11,729</u>	<u>(36,938)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	17,942	6,691	24,633
Gain (loss) on disposal of assets	<u>32,283</u>	<u>-</u>	<u>32,283</u>
Total nonoperating revenues (expenses)	<u>50,225</u>	<u>6,691</u>	<u>56,916</u>
Income (loss)	1,558	18,420	19,978
Change in net assets	1,558	18,420	19,978
Net assets, beginning of year	<u>1,765,953</u>	<u>256,127</u>	<u>2,022,080</u>
Net assets, end of year	<u>\$ 1,767,511</u>	<u>\$ 274,547</u>	<u>\$ 2,042,058</u>

**CITY OF CENTERVILLE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Central Vehicle Purchase	Insurance Deductible	Total Internal Service
Cash flows from operating activities:			
Cash received from customers	\$ 294,270	\$ 34,625	\$ 328,895
Cash paid to suppliers of goods and services	<u>(4,689)</u>	<u>(30,152)</u>	<u>(34,841)</u>
Net cash provided by operating activities	<u>289,581</u>	<u>4,473</u>	<u>294,054</u>
Cash flows from capital and related financing activities:			
Purchase of property and equipment	(138,247)	-	(138,247)
Proceeds from sale of property and equipment	<u>20,100</u>	<u>-</u>	<u>20,100</u>
Net cash used by capital and related financing activities	<u>(118,147)</u>	<u>-</u>	<u>(118,147)</u>
Cash flows from investing activities:			
Purchase of investments	(362,217)	(146,194)	(508,411)
Sale of investments	349,750	141,162	490,912
Interest received	<u>17,522</u>	<u>6,523</u>	<u>24,045</u>
Net cash provided (used) by investing activities	<u>5,055</u>	<u>1,491</u>	<u>6,546</u>
Increase (decrease) in cash and cash equivalents	176,489	5,964	182,453
Cash and cash equivalents at beginning of year	<u>288,538</u>	<u>116,578</u>	<u>405,116</u>
Cash and cash equivalents at end of year	<u>\$ 465,027</u>	<u>\$ 122,542</u>	<u>\$ 587,569</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ (48,667)	\$ 11,729	\$ (36,938)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	338,248	-	338,248
Change in operating assets and liabilities:			
(Increase) decrease in receivables	-	(7,008)	(7,008)
Increase (decrease) in liabilities	<u>-</u>	<u>(248)</u>	<u>(248)</u>
Total adjustments	<u>338,248</u>	<u>(7,256)</u>	<u>330,992</u>
Net cash provided by operating income	<u>\$ 289,581</u>	<u>\$ 4,473</u>	<u>\$ 294,054</u>
Non-cash investing, capital and financing activities:			
Change in fair value of investments	\$ (4,682)	(1,890)	\$ (6,572)

**CITY OF CENTERVILLE
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2004**

	Agency Funds Totals
ASSETS	
Pooled cash and cash equivalents	\$ 54,207
Receivables:	
Accounts	<u>21,030</u>
Total assets	<u>\$ 75,237</u>
LIABILITIES	
Undistributed monies	<u>\$ 75,237</u>

**CITY OF CENTERVILLE
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance at January 1, 2004	Additions	Deductions	Balance at December 31, 2004
<u>Agency Fund</u>				
ASSETS				
Pooled cash and cash equivalents	\$ 47,418	\$ 120,949	\$ 114,160	\$ 54,207
Receivables:				
Accounts	<u>-</u>	<u>21,030</u>	<u>-</u>	<u>21,030</u>
Total assets	<u>\$ 47,418</u>	<u>\$ 141,979</u>	<u>\$ 114,160</u>	<u>\$ 75,237</u>
LIABILITIES				
Undistributed monies	<u>\$ 47,418</u>	<u>\$ 75,237</u>	<u>\$ 47,418</u>	<u>\$ 75,237</u>



Statistical Section

CITY OF CENTERVILLE, OHIO
 General Fund Expenditures by Function
 Last Ten Years

<u>Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Community Environment</u>	<u>Recreation</u>	<u>Cost of Lots</u>	<u>Debt Service</u>	<u>Total</u>
2004	\$ 4,139,809	\$ 5,105,684	\$ 223,763	\$ 459,762	\$ -	\$ 36,941	\$ 9,965,959
2003	4,354,119	4,839,393	229,265	308,807	-	38,081	9,769,665
2002	4,139,483	4,491,363	228,481	331,551	171,111	39,677	9,401,666
2001	4,047,976	3,924,003	222,035	360,426	465,350	8,640	9,028,430
2000	3,664,056	3,611,464	203,051	347,284	760,450	18,699	8,605,004
1999	3,499,509	3,457,981	180,843	425,353	590,200	-	8,153,886
1998	3,208,842	3,308,311	429,639	320,375	510,750	-	7,777,917
1997	2,920,129	3,165,281	376,821	445,398	658,300	-	7,565,929
1996	3,270,535	2,781,713	401,333	223,938	442,650	-	7,120,169
1995	2,114,985	2,745,441	421,869	219,633	295,100	-	5,797,028

Source: Finance Department, City of Centerville

CITY OF CENTERVILLE, OHIO

General Fund Revenues by Source

Last Ten Years

<u>Year</u>	<u>Local Taxes</u>	<u>Inter- governmental</u>	<u>Charges for Services</u>	<u>Fines, Licenses and Permits</u>	<u>Interest Earned</u>
2004	\$ 11,898,470	\$ 1,138,791	\$ 35,187	\$ 321,124	\$ 183,143
2003	11,625,368	919,061	25,988	308,815	17,697
2002	11,408,207	879,998	44,284	286,748	241,961
2001	11,287,865	870,597	30,452	318,403	186,372
2000	11,275,083	816,120	35,933	321,238	333,983
1999	10,724,323	799,672	29,543	259,743	183,762
1998	9,035,221	2,346,212	32,720	316,182	153,393
1997	8,192,543	1,294,834	45,922	304,547	103,703
1996	6,309,085	1,371,518	51,313	301,666	83,314
1995	4,660,356	1,390,470	60,819	215,428	83,953

Source: Finance Department, City of Centerville

<u>Sale of Lots</u>	<u>Miscellaneous</u>	<u>Total</u>
\$ -	\$ 206,148	\$ 13,782,863
-	260,995	13,157,924
716,204	182,514	13,759,916
939,214	118,180	13,751,083
1,519,020	155,583	14,456,960
1,143,604	166,592	13,307,239
1,011,566	329,040	13,224,334
1,244,689	175,650	11,361,888
806,656	176,737	9,100,289
533,917	155,324	7,100,267

CITY OF CENTERVILLE, OHIO

Property Tax Levies and Collections

Last Ten Years

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Tax Levy</u>
2004	\$ 1,344,268	\$ 1,366,151	\$ 32,442	\$ 1,398,593	104.04%
2003	1,322,681	1,305,596	22,126	1,327,722	100.38%
2002	1,185,463	1,168,410	27,344	1,195,754	100.87%
2001	1,168,383	1,149,444	25,006	1,174,450	100.52%
2000	1,150,828	1,132,106	26,776	1,158,882	100.70%
1999	1,088,920	1,063,995	13,037	1,077,032	98.91%
1998	1,113,734	1,109,067	23,236	1,132,303	101.67%
1997	1,138,357	1,123,686	24,423	1,148,109	100.86%
1996	1,036,472	1,023,907	23,457	1,047,364	101.05%
1995	1,018,282	998,222	20,327	1,018,549	100.03%

Source: County Auditor, Montgomery County, Ohio

CITY OF CENTERVILLE, OHIO
Municipal Income Tax Receipts (Cash Basis)
Last Ten Years

<u>Year</u>	<u>Amount</u>	<u>% change</u>
2004	\$ 9,250,830	0.37%
2003	9,216,377	3.56%
2002	8,899,240	0.04%
2001	8,895,896	2.75%
2000	8,657,970	4.53%
1999	8,282,809	3.53%
1998	8,000,116	14.25%
1997	7,002,375	7.97%
1996	6,485,425	4.88%
1995	6,183,755	0.16%

Source: Finance Department, City of Centerville

CITY OF CENTERVILLE, OHIO

Assessed and Estimated Actual Value of Property

Last Ten Years

Collection Year	Real	Public Utility Personal	Tangible Personal	Total Assessed Value	(1) Estimated Value
2004	\$ 531,766,210	\$ 12,432,310	\$ 27,830,570	\$ 572,029,090	\$ 1,644,781,934
2003	518,155,020	12,762,920	29,120,843	560,038,783	1,611,429,604
2002	459,488,570	12,490,310	29,655,641	501,634,521	1,445,640,584
2001	448,369,510	15,979,680	29,983,962	494,333,152	1,419,150,318
2000	441,096,120	16,878,640	28,910,686	486,885,446	1,395,097,645
1999	412,613,990	18,692,690	29,334,972	460,641,652	1,317,478,695
1998	398,544,910	17,534,230	25,019,921	441,099,061	1,258,704,688
1997	388,494,970	17,476,020	22,688,137	428,659,127	1,220,597,290
1996	351,180,550	17,477,930	21,395,490	390,053,970	1,108,816,244
1995	345,112,460	19,788,700	18,448,218	383,349,378	1,082,315,631

Source: County Auditor, Montgomery County, Ohio

(1) This is calculated by dividing the assessed value by the assessment percentage. The percentages for 2000 were 35 percent for real property and public utility real, 88 percent for public utility tangible personal, and 25 percent for tangible personal and interexchange telecom public utility.

CITY OF CENTERVILLE, OHIO

Property Tax Rates - Direct and Overlapping Governments

(Per \$1,000 of Assessed Valuation)

Last Ten Years

<u>Collection Year</u>	<u>City of Centerville</u>	<u>Centerville City School District</u>	<u>Montgomery County</u>	<u>Washington Township</u>	<u>Washington- Centerville Public Library</u>	<u>Total</u>
2004	\$2.35	\$60.75	\$18.24	\$7.90	\$3.03	\$92.27
2003	2.35	60.75	17.24	7.9	3.03	91.27
2002	2.35	60.75	17.24	7.9	1.63	89.87
2001	2.35	60.75	17.24	7.90	1.63	89.87
2000	2.35	55.85	16.64	7.90	1.63	84.37
1999	2.35	56.05	16.64	7.90	1.63	84.57
1998	2.51	56.48	16.64	7.40	1.63	84.66
1997	2.64	56.48	16.64	7.40	1.63	84.79
1996	2.64	56.48	16.64	7.40	1.63	84.79
1995	2.64	56.48	16.64	7.40	1.63	84.79

Source: County Auditor, Montgomery County, Ohio

CITY OF CENTERVILLE, OHIO

Principal Taxpayers

December 31, 2004

Real Estate	2003 Real Property Assessed Valuation For Collection in 2004	Percentage of Total Assessed Valuation
Cross Pointe Associates	\$6,238,340	1.09%
Steeplechase Advisors Ltd.	4,754,130	0.83%
Roselawn Center LP	3,424,050	0.60%
Woods I LLC	2,742,290	0.48%
The Franciscan at St. Leonard	2,204,020	0.39%
Chevy Chase Park	2,028,290	0.35%
Oberer Holdings II	1,983,680	0.35%
Elder Beerman Stores	1,933,750	0.34%
Sexton Hillside Ltd.	1,683,560	0.29%
Manorcare Health Service	1,600,580	0.28%
 <u>Public Utilities</u>		
Dayton Power & Light Co.	\$5,807,240	1.02%
Ohio Bell Telephone Co.	4,848,190	0.85%
Vectren Energy Delivery	1,269,830	0.22%
 <u>Tangible Personal Property</u>		
Voss Chevrolet, Inc.	\$4,221,020	0.74%
Bob Ross Buick, Inc.	3,825,520	0.67%
Planet Ford	2,195,510	0.38%
Time Warner Entertainment	1,684,350	0.29%
Tom Harrigan Chrysler	1,333,470	0.23%
Autorama, Inc.	1,274,790	0.22%
Dayton Wheel Concepts, Inc.	1,080,590	0.19%
Dimco Gray Company	939,200	0.16%
Elder Beerman Store, Inc.	801,670	0.14%
Stromag	773,910	0.14%
All Others	513,381,110	89.75%
Total Assessed Valuation	\$572,029,090	100.00%

Source: County Auditor, Montgomery County, Ohio

CITY OF CENTERVILLE, OHIO
 Special Assessments Billings and Collections
 Last Ten Years

<u>Collection Year</u>	<u>Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
2004	\$ 641,229	\$ 639,741	99.77%
2003	643,143	669,501	104.10%
2002	599,045	613,056	102.34%
2001	530,360	536,249	101.11%
2000	446,931	448,306	100.31%
1999	248,656	255,719	102.84%
1998	165,144	138,072	83.61%
1997	168,108	206,051	122.57%
1996	170,006	135,242	79.55%
1995	89,972	90,009	100.04%

Source: County Auditor, Montgomery County, Ohio

CITY OF CENTERVILLE, OHIO

Computation of Legal Debt Margins

December 31, 2004

	Overall Debt Limit 10.50%	Total Unvoted Debt Limit 5.50%
	<u>10.50%</u>	<u>5.50%</u>
Total assessed property value	\$ 572,029,090	\$ 572,029,090
Debt limit	60,063,054	31,461,600
<hr/>		
Total Outstanding Debt as of December 31, 2004		
Bonds	25,991,000	25,991,000
<hr/>		
Less Exempt Debt		
General obligation bonds issued in anticipation of the collection of special assessments	7,586,000	7,586,000
General obligation bonds issued in anticipation of the collection of municipal income tax	<u>18,405,000</u>	<u>18,405,000</u>
Net Debt	-	-
Legal Debt Margin (1)	<u>\$ 60,063,054</u>	<u>\$ 31,461,600</u>

(1) The legal debt margin was determined without considering the fund balances in the Debt Service Funds.

Source: Finance Department, City of Centerville

CITY OF CENTERVILLE, OHIO

Ratio of Annual Debt Service Expenditures for General Obligation
Bonded Debt to Total General Fund Expenditures
Last Ten Years

<u>Year</u>	<u>Debt Principal and Interest</u>	<u>General Fund Expenditures</u>	<u>Ratio</u>
2004	\$ 1,512,298	\$ 9,965,959	15.17%
2003	782,817	9,769,665	8.01%
2002	1,396,112	9,401,666	14.85%
2001	1,224,683	9,028,430	13.56%
2000	1,114,898	8,605,004	12.96%
1999	1,224,270	8,153,886	15.01%
1998	1,324,034	7,777,917	17.02%
1997	1,341,472	7,565,929	17.73%
1996	1,348,666	7,120,169	18.94%
1995	733,313	5,797,028	12.65%

Source: Finance Department, City of Centerville

CITY OF CENTERVILLE, OHIO

Ratio of Net General Obligation Bonded Debt to Assessed Value and
 Net General Obligation Bonded Debt per Capita
 Last Ten Years

<u>Collection Year</u>	<u>Population (1)</u>	<u>Assessed Value</u>	<u>Gross Bonded Debt (2)</u>	<u>Debt Service Monies Available (3)</u>
2004	23,133	\$ 572,029,090	\$ 18,405,000	\$ 2,558,845
2003	23,133	560,038,783	19,125,000	3,026,776
2002	23,072	501,634,521	17,970,000	2,278,065
2001	23,025	494,333,152	18,365,000	1,962,978
2000	23,024	486,885,446	15,450,000	1,602,834
1999	23,285	460,641,652	15,795,000	1,857,735
1998	23,404	441,099,061	16,135,000	700,851
1997	23,324	428,659,127	16,555,000	815,422
1996	23,250	390,053,970	16,975,000	495,052
1995	22,678	383,349,378	17,375,000	9,339,022
1994	22,683	377,280,183	8,425,000	122,905

- Source:
- (1) U.S. Census Bureau Population Division
 - (2) Excludes special assessment bonded debt.
 - (3) Excludes debt service money available to pay special assessment bonded debt.

	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Valuation		Net Bonded Debt Per Capita
\$	15,846,155	2.77%	\$	685.00
	16,098,224	2.87%		695.90
	15,691,935	3.13%		680.13
	16,402,022	3.32%		712.36
	13,847,166	2.84%		601.42
	13,937,265	3.03%		598.55
	15,434,149	3.50%		659.47
	15,739,578	3.67%		674.82
	16,479,948	4.23%		708.81
	8,035,978	2.10%		354.35
	8,302,095	2.20%		366.01

CITY OF CENTERVILLE, OHIO

Computation of Direct and Overlapping Bonded Debt - General Obligation Bonds

December 31, 2004

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To City (1)</u>	<u>Amount Applicable To City of Centerville</u>
Direct:			
City of Centerville	\$ 18,405,000	100.00%	\$ 18,405,000
Overlapping:			
Centerville City School District	14,985,000	38.24%	5,730,264
Washington Township Park District	772,500	38.30%	295,868
Montgomery County	31,741,600	5.72%	1,815,620
Miami Valley Regional Transit Authority	10,210,000	5.72%	<u>584,012</u>
		Subtotal - Overlapping	8,425,764
Total Direct and Overlapping Debt			<u>\$ 26,830,764</u>

Source: Ohio Municipal Advisory Council

(1) Calculated by the Ohio Municipal Advisory Council.

CITY OF CENTERVILLE, OHIO

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Montgomery County (3)</u>
2004	23,133	8,151	6.20%
2003	23,133	8,055	6.30%
2002	23,072	7,821	5.60%
2001	23,025	7,419	4.30%
2000	23,024	7,446	3.80%
1999	23,285	7,371	3.80%
1998	23,404	7,295	4.10%
1997	23,324	7,221	4.00%
1996	23,250	7,295	4.40%
1995	22,678	7,233	4.00%

- Source: (1) U.S. Census Bureau Population Division
(2) Centerville City School District Board of Education
(3) Ohio Department of Job and Family Services

CITY OF CENTERVILLE, OHIO

Property Value, Construction and Bank Deposits

Last Ten Years

<u>Year</u>	<u>Property Values (1)</u>	<u>Value of Construction Permits (2)</u>	<u>County Bank Deposits (3)</u>
2004	\$ 1,519,332,029	\$ 31,129,252	\$ 250,930,000
2003	1,480,442,914	38,765,244	249,614,000
2002	1,312,824,486	45,299,041	241,447,000
2001	1,281,055,743	42,526,970	224,099,000
2000	1,260,274,629	33,166,657	191,473,000
1999	1,178,897,114	21,771,515	2,994,378,000
1998	1,138,699,743	24,276,587	3,264,705,000
1997	1,109,985,629	27,319,741	3,530,314,000
1996	1,003,373,000	38,751,513	3,899,145,000
1995	986,035,600	28,523,191	3,995,114,000

(1) Estimated actual real property values (public utility real property not included).

Source: County Auditor, Montgomery County, Ohio

(2) Source: Public Works Department, City of Centerville

(3) Source: Federal Reserve Bank of Cleveland.

Decrease for 2000 due to bank restructuring. Deposits at year end no longer held in Montgomery County, but in Cuyahoga County.

CITY OF CENTERVILLE, OHIO

Miscellaneous Statistics

December 31, 2004

Date Settled:	1796
Date Incorporated as a City:	December 2, 1968
Form of Government:	Council/Manager
Land Area:	10.08 square miles
Miles of Streets:	105 miles
Number of Employees:	
Full-time	137
Part-time	31
Seasonal	95
Sworn police officers	42
Waste Collection:	
Volume of waste	7,318 tons
Volume of recyclable	1,548 tons
The Golf Club at Yankee Trace:	
Rounds of golf:	
Championship course (18 holes)	35,877
Vintage course (9 holes)	10,983





**Auditor of State
Betty Montgomery**

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CITY OF CENTERVILLE

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 4, 2005**