

**CITY OF CENTERVILLE
MONTGOMERY COUNTY, OHIO**

SUPPLEMENTAL REPORT

DECEMBER 31, 2007

MR. MARK SCHLAGHECK, FINANCE DIRECTOR



Mary Taylor, CPA
Auditor of State

Members of Council and Mayor
City of Centerville
100 W. 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, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 22, 2008

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**CITY OF CENTERVILLE
MONTGOMERY COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville, Montgomery County, Ohio, as of and for the year ended December 31, 2007, which collectively comprise the City of Centerville's basic financial statements and have issued our report thereon dated April 18, 2008. 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 of Centerville's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Centerville's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the City of Centerville's internal control over financial reporting.

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

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

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

Members of Council and Mayor
City of Centerville
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Compliance and Other Matters

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

We noted certain matters that we reported to the management of the City of Centerville in a separate letter dated April 18, 2008.

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



Julian & Grube, Inc.
April 18, 2008



Comprehensive Annual Financial Report
For the Fiscal Year Ended
December 31, 2007

City of Centerville, Ohio

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2007

Prepared by:

Department of Finance

Mark Schlagheck

Finance Director

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City of Centerville, Ohio

Comprehensive Annual Financial Report For the Year Ended December 31, 2007

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Introductory Section





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

April 18, 2008

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, 2007 is hereby submitted for your review. This report represents the commitment of the City to adhere to nationally recognized standards of excellence in financial reporting.

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

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

History and Background

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

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

The City adopts an annual budget before December 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 23,100 according to the U.S. Census Bureau's 2006 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 938 residential units.

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

In 2007, Miami Valley Hospital completed construction of their new health facility in the City. The Miami Valley South Health Center opened their new diagnostic and testing center, as well as a medical office building in September 2007. In addition, Graceworks Lutheran Services began construction in 2007 of 30 new villas, 30 new apartments, a Village Center, and a new Memory Support residence on the campus of Bethany Village.

Major Initiatives

- The municipal income tax rate remained at 1.75% for the twenty-sixth consecutive year, the municipal property tax rate remained at its lowest rate for the twenty-ninth year.
- The City maintained its municipal bond rating of Aa3 from Moody's Investor Services. This rating helps to lower the interest rate on any future bonds the City may issue.
- The Golf Club at Yankee Trace was rated by *Golf Magazine* as one of the "Top 50 Courses Under \$50." *Golf Digest* also named The Golf Club at Yankee Trace as one of their "Best Places to Play" based on the course's architectural merit. In addition, readers of the *Dayton Daily News* voted The Golf Club at Yankee Trace as "Best of Dayton 2007."
- The City's Residential Rental Inspection Program which mandates that all residential rental units be inspected every two years began in 2007. The goal is to preserve Centerville's aging housing stock and ensure that property values remain high.
- The City and Sugarcreek Township arrived at a preliminary tax sharing agreement for the 270 acres of land annexed to the City.
- The City continued to set aside money for the construction of a new public works facility. By the end of 2007, \$6,000,000 was designated for this project for which construction is tentatively scheduled for late 2008.

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 2007 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, 2007. 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, 2006. This was the sixth consecutive year that Centerville has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

Respectfully submitted,

Gregory B. Horn

Gregory B. Horn
City Manager

Mark Schlagheck

Mark Schlagheck
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Centerville,
Ohio**

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

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 April 18, 2008

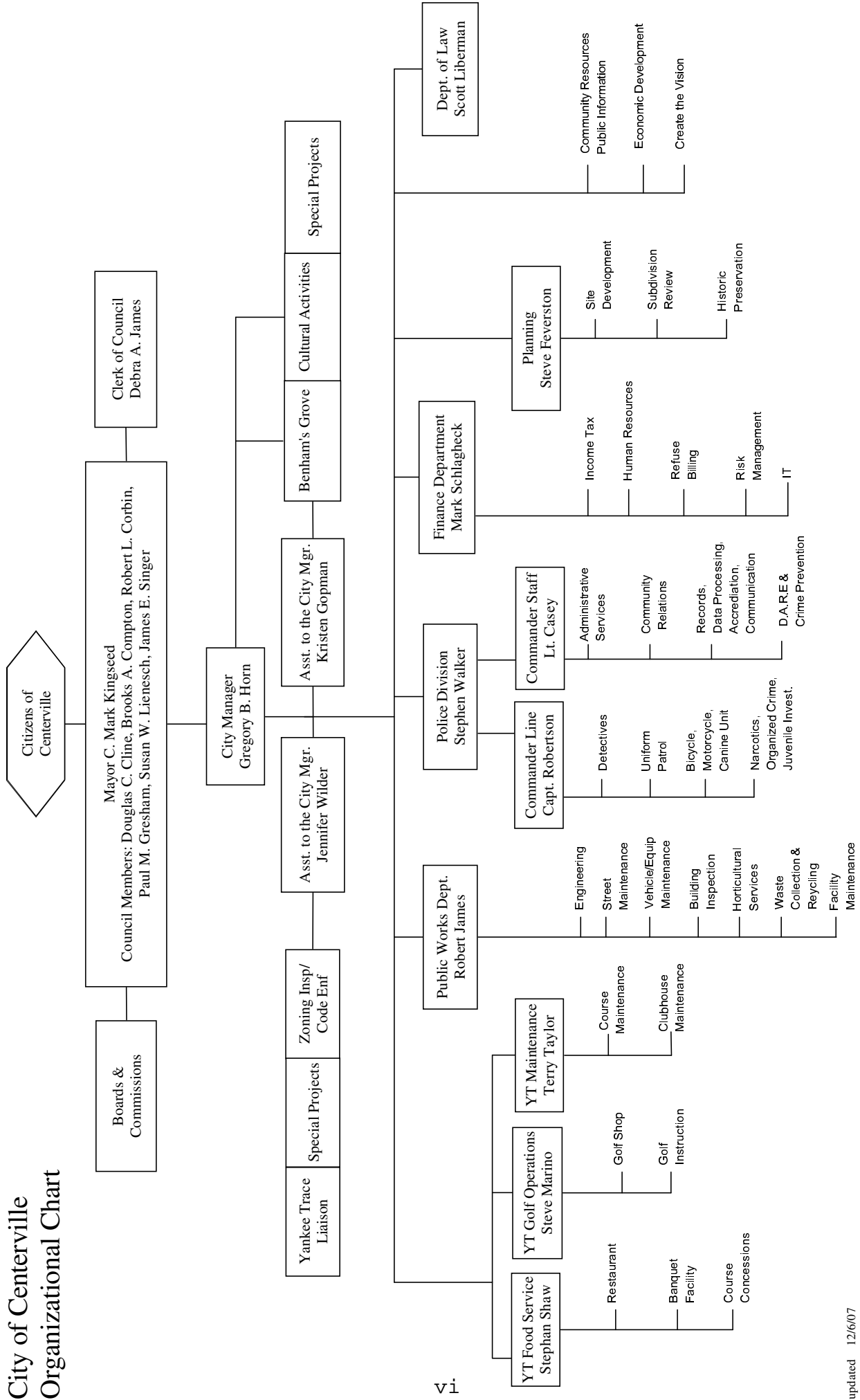
Elected Officials

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

Appointed Officials

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

City of Centerville Organizational Chart



Financial Section





Julian & Grube, Inc.

Serving Ohio Local Governments

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

Independent 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, as of and for the year ended December 31, 2007, which collectively comprise the City of Centerville's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Centerville's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville, Montgomery County, Ohio, as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2008 on our consideration of the City of Centerville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Members of Council and Mayor
City of Centerville
Page 2

The management's discussion and analysis and budgetary comparison information on pages 3-15 and 47-51, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

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

Julian & Grube, Inc.
April 18, 2008

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2007 (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, 2007. Readers should consider the information presented here in conjunction with additional information that has been furnished in the letter of transmittal, which can be found on pages i-iii of this report.

Financial Highlights

- The assets of the City exceeded its liabilities by \$74.08 million as of December 31, 2007. Of this amount, \$23.44 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 \$3.22 million during the most recent fiscal year. Net assets of the City's governmental activities increased \$3.23 million or 6.27%. However, net assets of the City's business-type activities decreased \$0.01 million or 0.07%.
- As of December 31, 2007, the City's governmental funds report combined ending fund balances of \$21.93 million. Over 54% or \$11.90 million of this fund balance is available for spending at the City's discretion (unreserved, undesignated fund balance).

Overview of the Financial Statements

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

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

The Statement of Net Assets. This statement (page 16) reports all assets and liabilities of the City as of December 31, 2007. The difference between total assets and total liabilities is reported as "net assets". Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities. This statement (page 17) presents information showing how the government's net assets changed during the most recent fiscal year. Changes in net assets are recorded in the period in which the underlying event takes place, which may differ from the period in which cash is received or disbursed. Thus, revenues and expenses are reported in this

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2007 (Unaudited)

statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

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

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

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

Proprietary funds. There are two types of proprietary funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises for which either 1) the intent is that the costs (expenses, including depreciation) be recovered primarily through user charges, or 2) determination of net income is appropriate for

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2007 (Unaudited)

management control, accountability or other purposes. Internal service funds are used to allocate the cost of providing certain centralized services to the other departments of the government entity that use the services. An internal service fund is the appropriate accounting mechanism when it is the intent of the government to recover the full cost of providing the service through user charges to other departments.

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

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

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 26 – 46 of this report.

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2007 (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 \$74.08 million as of December 31, 2007. The following table presents condensed information on net assets as of December 31, 2007 and 2006:

Net Assets						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Assets:</u>						
Current and other assets	\$40,216,787	\$39,165,087	\$1,165,143	\$985,682	\$41,381,930	\$40,150,769
Capital assets	<u>40,140,779</u>	<u>38,688,799</u>	<u>18,705,986</u>	<u>18,886,747</u>	<u>58,846,765</u>	<u>57,575,546</u>
Total assets	<u>80,357,566</u>	<u>77,853,886</u>	<u>19,871,129</u>	<u>19,872,429</u>	<u>100,228,695</u>	<u>97,726,315</u>
<u>Liabilities:</u>						
Long-term liabilities	22,964,771	23,889,306	76,660	115,810	23,041,431	24,005,116
Other liabilities	<u>2,617,232</u>	<u>2,423,025</u>	<u>486,063</u>	<u>434,957</u>	<u>3,103,295</u>	<u>2,857,982</u>
Total liabilities	<u>25,582,003</u>	<u>26,312,331</u>	<u>562,723</u>	<u>550,767</u>	<u>26,144,726</u>	<u>26,863,098</u>
<u>Net Assets:</u>						
Invested in capital assets, net of debt	17,894,980	15,524,569	18,703,791	18,882,237	36,598,771	34,406,806
Restricted	14,040,906	14,457,571	0	0	14,040,906	14,457,571
Unrestricted	<u>22,839,677</u>	<u>21,559,415</u>	<u>604,615</u>	<u>439,425</u>	<u>23,444,292</u>	<u>21,998,840</u>
Total net assets	<u>\$54,775,563</u>	<u>\$51,541,555</u>	<u>\$19,308,406</u>	<u>\$19,321,662</u>	<u>\$74,083,969</u>	<u>\$70,863,217</u>

In total, net assets increased from \$70.86 million to \$74.08 million in 2007. Unrestricted net assets, which are available for future use as directed by City Council, increased \$1.46 million or 6.57%. Unrestricted net assets of the City's governmental activities increased \$1.28 million while unrestricted net assets of the business-type activities increased \$0.16 million.

The component, "invested in capital assets, net of related debt," increased \$2.19 million from \$34.41 million at December 31, 2006 to \$36.60 million at December 31, 2007. Generally, this means capital asset additions and bond principal repayments were more than depreciation expense and net book value of disposals by \$2.19 million.

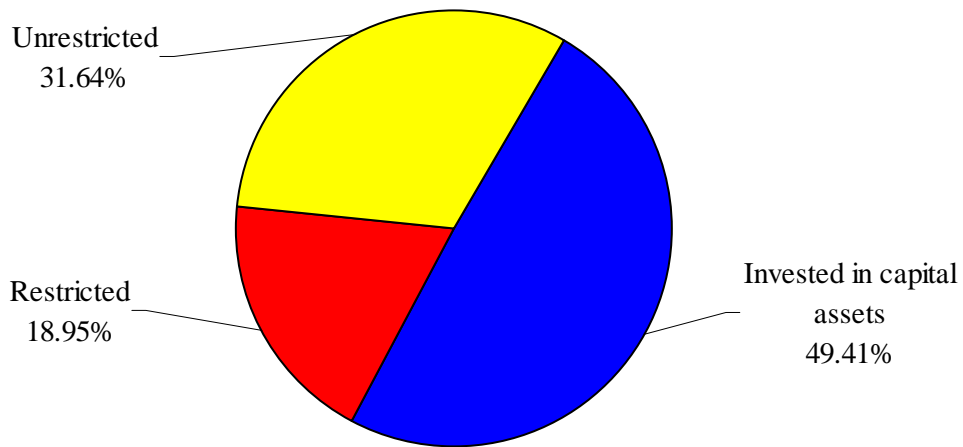
Restricted net assets are subject to external restrictions as to their use. This category decreased approximately \$0.42 million from \$14.46 million at December 31, 2006 to \$14.04 million at December 31, 2007. This decrease in restricted net assets was due primarily to the reduction in special assessment receivables.

City of Centerville, Ohio

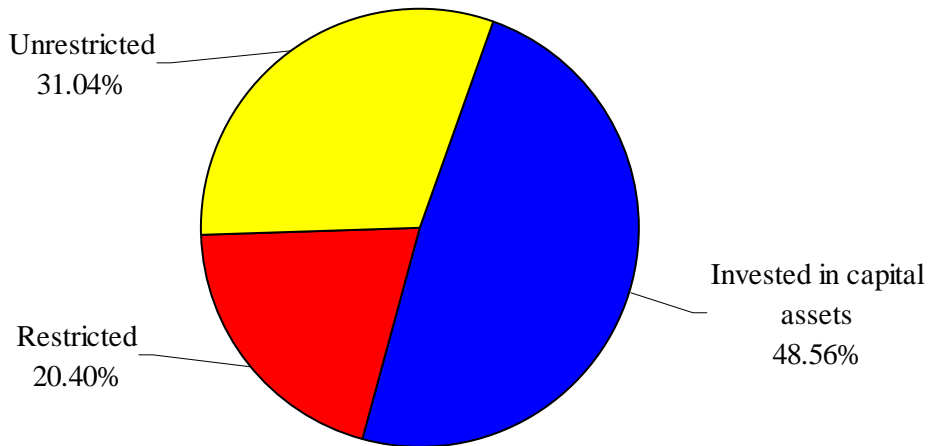
Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2007 (Unaudited)

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

December 31, 2007



December 31, 2006



City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2007 (Unaudited)

The following table presents condensed information on the changes in net assets for the years ended December 31, 2007 and 2006.

Changes in Net Assets

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues						
Program revenues:						
Charges for services	\$1,470,125	\$1,488,886	\$5,243,018	\$4,880,720	\$6,713,143	\$6,369,606
Operating grants and contributions	1,349,017	1,298,386	-	-	1,349,017	1,298,386
Capital grants and contributions	1,443,950	480,742	-	-	1,443,950	480,742
General revenues:						
Income taxes	10,631,431	10,173,958	-	-	10,631,431	10,173,958
Property taxes	1,425,970	1,412,800	-	-	1,425,970	1,412,800
Estate taxes	1,372,484	1,361,063	-	-	1,372,484	1,361,063
Grants and other contributions not restricted to specific programs	970,556	900,997	-	-	970,556	900,997
Investment earnings	1,317,758	950,724	46,898	20,703	1,364,656	971,427
Gain on sale of capital assets	2,400	65,752	-	(17,915)	2,400	47,837
Miscellaneous	<u>288,719</u>	<u>41,404</u>	<u>-</u>	<u>-</u>	<u>288,719</u>	<u>41,404</u>
Total revenues	<u>20,272,410</u>	<u>18,174,712</u>	<u>5,289,916</u>	<u>4,883,508</u>	<u>25,562,326</u>	<u>23,058,220</u>
Expenses						
General government	5,654,478	4,654,614	-	-	5,654,478	4,654,614
Public safety	5,929,666	5,760,988	-	-	5,929,666	5,760,988
Community environment	269,732	258,913	-	-	269,732	258,913
Recreation	340,320	460,627	-	-	340,320	460,627
Transportation	3,564,160	3,515,160	-	-	3,564,160	3,515,160
Interest on long-term debt	1,180,046	1,207,117	-	-	1,180,046	1,207,117
Waste collection	-	-	1,231,440	1,205,575	1,231,440	1,205,575
Golf course operations	-	-	4,036,938	4,030,721	4,036,938	4,030,721
Other business-type activities	<u>-</u>	<u>-</u>	<u>134,794</u>	<u>150,057</u>	<u>134,794</u>	<u>150,057</u>
Total expenses	<u>16,938,402</u>	<u>15,857,419</u>	<u>5,403,172</u>	<u>5,386,353</u>	<u>22,341,574</u>	<u>21,243,772</u>
Excess before transfers	3,334,008	2,317,293	(113,256)	(502,845)	3,220,752	1,814,448
Special item: insurance settlement	-	777,322	-	-	-	777,322
Transfers	<u>(100,000)</u>	<u>(450,000)</u>	<u>100,000</u>	<u>450,000</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>\$3,234,008</u>	<u>\$2,644,615</u>	<u>(\$13,256)</u>	<u>(\$52,845)</u>	<u>\$3,220,752</u>	<u>\$2,591,770</u>

City of Centerville, Ohio

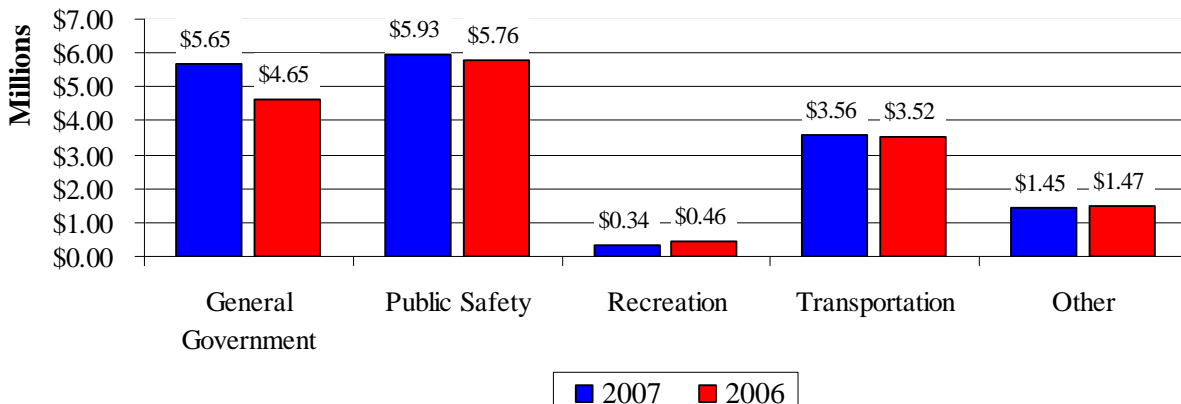
Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2007 (Unaudited)

The change in net assets was an increase of \$0.63 million for the year ended December 31, 2007 as compared to an increase of \$2.59 million for the prior year. Total revenues (excluding special items) increased \$2.50 million or 10.86%. Total expenses increased \$1.10 million or 5.17%.

Total revenues for governmental activities increased 11.54%. Income taxes, the largest governmental activities revenue source, increased 4.50% from 2006. The remainder of the increased revenue was in two categories, capital grants and contributions and investment earnings. Capital grants and contributions increased \$0.96 million. This increase was the result of several grants that the City received in 2007 for street and infrastructure improvements. Investment earnings increased \$0.37 million. This is due to the relatively high interest rates and the realization of gains on investments that were called during 2007.

Expenses of governmental activities break down as follows:

Governmental Expenses by Program

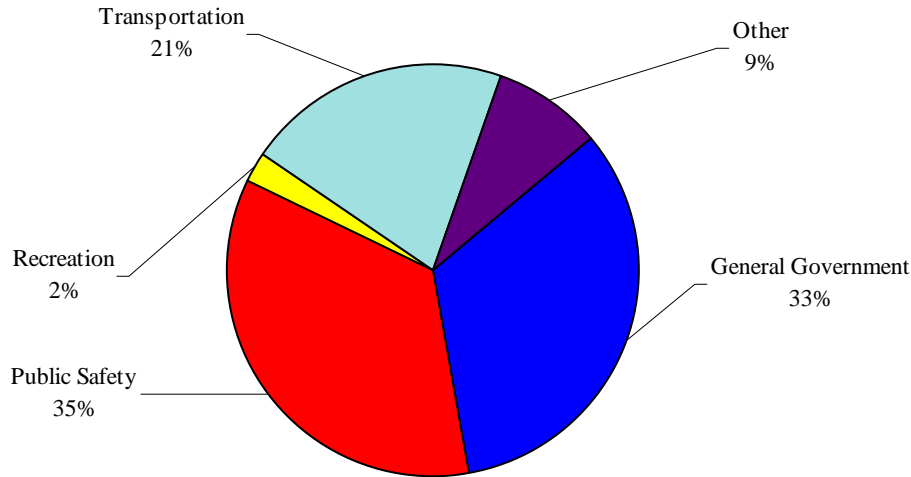


Total governmental expenses increased 6.82% or \$1.08 million. The majority of this increase was due to a rise in general government expenses. In 2007, general government expenses increased 21.48% or \$1.00 million. This increase was due, in part, to the disposal of capital assets when the capitalization threshold was increased by the City. Public safety, consisting of the police division, comprises over 35% of governmental activities' expenses. In 2007, public safety expenses increased 2.93% or \$0.17 million. Transportation, which consists of street repair and maintenance activities, accounts for over 21% of expenses. General government, consisting of the city management department, the finance department and the clerk of council's department among others, accounts for over 33% of expenses.

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2007 (Unaudited)

Expenses by Program - Governmental Activities



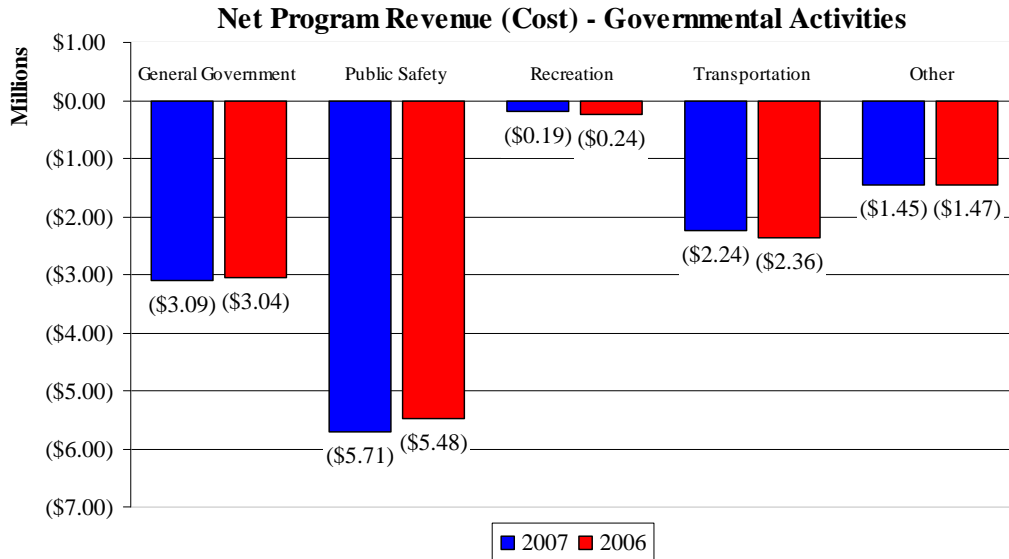
The Statement of Activities reports the expenses of each of the governmental activities programs and the related program revenue that offsets the cost of each program. The amount by which the cost of a particular program exceeds its program revenue represents the extent to which that program must be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

Expenses and Program Revenue – Governmental Activities

	<u>Year Ended December 31, 2007</u>			<u>Year Ended December 31, 2006</u>		
	<u>Expense</u>	<u>Program revenue</u>	<u>Net program revenue (cost)</u>	<u>Expense</u>	<u>Program revenue</u>	<u>Net program revenue (cost)</u>
General government	\$5,654,478	\$2,563,768	\$(3,090,710)	\$4,654,614	\$1,616,115	\$(3,038,499)
Public safety	5,929,666	220,194	(5,709,472)	5,760,988	284,350	(5,476,638)
Recreation	340,320	154,566	(185,754)	460,627	215,775	(244,852)
Transportation	3,564,160	1,324,464	(2,239,696)	3,515,160	1,151,774	(2,363,386)
Other	<u>1,449,778</u>	<u>100</u>	<u>(1,449,678)</u>	<u>1,466,030</u>	<u>-</u>	<u>(1,466,030)</u>
Total governmental activities	<u>\$16,938,402</u>	<u>\$4,263,092</u>	<u>\$(12,675,310)</u>	<u>\$15,857,419</u>	<u>\$3,268,014</u>	<u>\$(12,589,405)</u>

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2007 (Unaudited)



Overall, the net program cost of governmental activities increased by \$86,000 or 0.68%. General government's net program cost increased by \$52,000 or 1.72%. This increase was the result of increased expenses (primarily in the areas of income tax refunds and insurance premiums) and increased program revenues (primarily in the area of grants for capital improvement projects). Public safety's net program cost increased by \$233,000 or 4.25%. This increase was the result of higher personnel related costs. Transportation's net program cost decreased by \$124,000 or 5.23%. This decrease was due primarily to lower operating grants and contributions.

Business-type activities

Business-type activities' net assets decreased \$0.01 million from \$19.32 million to \$19.31 million. It is the City's policy that the revenues of the City's business-type activities (waste collection and golf course operations) are expected to cover all program costs. The following table and graph summarize the expenses and program revenues for business-type activities:

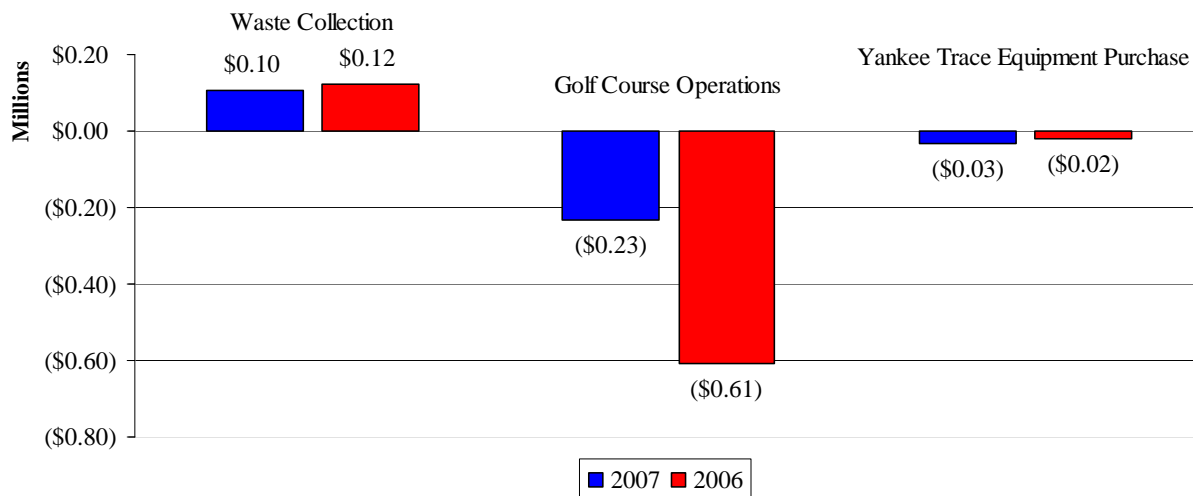
City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2007 (Unaudited)

Expenses and Program Revenue – Business-type Activities

	<u>For Year Ended December 31, 2007</u>			<u>For Year Ended December 31, 2006</u>		
	<u>Expense</u>	<u>Program revenue</u>	<u>Net program revenue (cost)</u>	<u>Expense</u>	<u>Program revenue</u>	<u>Net program revenue (cost)</u>
Waste collection	\$1,231,440	\$1,335,906	\$ 104,466	\$1,205,575	\$1,327,914	\$ 122,339
Golf course operations	4,036,938	3,805,475	(231,463)	4,030,721	3,423,346	(607,375)
Other business-type Activities	<u>134,794</u>	<u>101,637</u>	<u>(33,157)</u>	<u>150,057</u>	<u>129,460</u>	<u>(20,597)</u>
Total business-type Activities	<u>\$5,403,172</u>	<u>\$5,243,018</u>	<u>\$(160,154)</u>	<u>\$5,386,353</u>	<u>\$4,880,720</u>	<u>\$(505,633)</u>

Net Program Revenue (Cost) - Business-type Activities



The net program cost for business-type activities decreased by \$345,000 or –68.33%. The net program revenue for waste collection decreased by \$18,000. This minor decrease was due primarily to increased personnel costs. The net program cost for golf course operations decreased \$376,000. The primary reason for this decrease in net program cost was increased revenues. Program revenues from golf course operations increased \$382,000 due to a significant increase in the number of golf rounds played in 2007 and an increase in the average fee paid for each round of golf. Program expenses for the golf course operations remained stable, increasing only \$6,000. Despite having a record number of rounds played at the golf course in 2007, the management was able to maintain the expenses at the previous year's level.

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2007 (Unaudited)

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, 2007 was \$21.93 million as compared to \$20.94 million at December 31, 2006. (See the governmental funds' balance sheets on page 18).

The General Fund is the primary operating fund of the City of Centerville, accounting for such activities as police protection, general government (administration, finance, engineering, building inspection), community environment (planning) and recreation. The General Fund balance increased \$1.60 million for the year ended December 31, 2007. General fund revenues were \$0.26 million higher than 2006. Local taxes increased over \$130,000 due primarily to increased income tax collections. Investment income increased \$87,000 due to the higher balance available to invest.

The Street Construction and Maintenance Fund is used to account for the allocation of revenues derived from motor vehicle license fees and gasoline taxes. Expenditures are restricted by state law to maintenance and repair of streets within the City. The fund balance increased approximately \$55,000 in 2007, with both revenue and expenditures comparable to the prior year.

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

The Capital Improvements Fund is used to account for the various capital improvement projects of the City including streets, sidewalks, land acquisition, building construction and building improvements. The fund balance decreased by \$0.5 million in 2007. The decrease in the fund balance was due to the completion of several planned capital improvement projects. The City is planning to construct a new public works facility. Prior to undertaking this construction, the City began to set aside funds for the project. As of December 31, 2007, the estimated \$6.0 million needed to complete this new facility had been designated.

General Fund Budgetary Highlights

General fund appropriations were increased only slightly during 2007. Actual expenditures were \$573,000 less than the final appropriations. In general, the City has not decreased appropriations

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2007 (Unaudited)

when the entire budget will not be spent. In 2007, several employment positions were budgeted, but not filled during the year. In addition, actual revenues exceeded budgetary estimates by \$950,000. This excess revenue was the result of increased estate tax receipts and income tax collections.

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, 2007, amounts to \$58.85 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, when compared to the prior fiscal year, was 2.21%.

Significant capital activity for the year included:

- Completed concrete repair (curb, pavement and sidewalk) and asphalt resurfacing at locations throughout the City totaling over \$1.3 million.
- Completed construction and widening of Clyo Road with a total project cost of \$622,000.
- Completed construction and widening of Wilmington Pike with a total project cost of \$648,000.
- Began a traffic signal interconnect project for the main traffic corridors with a total project cost of \$850,000.

Additional detail on the capital asset activity for the year ended December 31, 2007 is presented in the Notes to the Basic Financial Statements in note 2D on pages 36 – 37.

Long-term Debt. Ohio law restricts the amount of debt that a City may issue. The aggregate principal amount of unvoted "net indebtedness" may not exceed 5.5% of the assessed valuation for property tax purposes of all real and personal property located within the City. Certain debt with a repayment source other than general tax revenues, is excluded from the definition of net indebtedness. Under that definition, the City has no net indebtedness as of December 31, 2007, leaving a legal debt margin for unvoted debt of approximately \$35.55 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 \$67.86 million, leaving a total debt margin of approximately \$67.86 million.

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

City of Centerville, Ohio

Management's Discussion and Analysis For the Fiscal Year Ended December 31, 2007 (Unaudited)

A summary of debt outstanding at December 31, 2007 and 2006 is as follows:

	<u>December 31, 2007</u>	<u>December 31, 2006</u>
<i>Governmental-type activities:</i>		
General obligation bonds	\$ 16,145,000	\$ 16,910,000
Special assessment bonds	<u>6,981,000</u>	<u>7,187,000</u>
Total	<u>\$ 23,126,000</u>	<u>\$ 24,097,000</u>

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

Requests for Information

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

**CITY OF CENTERVILLE
STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

	Governmental Activities	Business-type Activities	Total
ASSETS			
Pooled cash and cash equivalents	\$ 2,382,730	\$ 402,474	\$ 2,785,204
Investments	19,225,703	513,063	19,738,766
Receivables (net):			
Taxes	4,100,431	-	4,100,431
Accounts	9,810	107,231	117,041
Intergovernmental	1,136,335	-	1,136,335
Interest	184,808	2,439	187,247
Special assessments	12,848,868	-	12,848,868
Internal balances	(6,653)	6,653	-
Inventory	89,386	118,773	208,159
Prepaid items	103,560	14,510	118,070
Deferred charges	141,809	-	141,809
Capital assets:			
Capital assets not subject to depreciation:			
Land and land improvements	3,977,356	15,166,876	19,144,232
Construction in progress	67,861	-	67,861
Capital assets net of accumulated depreciation	<u>36,095,562</u>	<u>3,539,110</u>	<u>39,634,672</u>
 Total assets	 <u>\$ 80,357,566</u>	 <u>\$ 19,871,129</u>	 <u>\$ 100,228,695</u>
LIABILITIES			
Accounts payable	\$ 429,365	\$ 83,543	\$ 512,908
Accrued liabilities	410,395	51,961	462,356
Unearned revenue	1,685,337	262,689	1,948,026
Deposit liability	-	87,870	87,870
Accrued interest payable	92,135	-	92,135
Noncurrent liabilities:			
Due within one year	1,241,438	37,195	1,278,633
Due in more than one year	<u>21,723,333</u>	<u>39,465</u>	<u>21,762,798</u>
 Total liabilities	 <u>25,582,003</u>	 <u>562,723</u>	 <u>26,144,726</u>
NET ASSETS			
Invested in capital assets, net of related debt	17,894,980	18,703,791	36,598,771
Restricted for:			
Debt service	13,093,661	-	13,093,661
Other purposes	947,245	-	947,245
Unrestricted	<u>22,839,677</u>	<u>604,615</u>	<u>23,444,292</u>
 Total net assets	 <u>54,775,563</u>	 <u>19,308,406</u>	 <u>74,083,969</u>
 Total liabilities and net assets	 <u>\$ 80,357,566</u>	 <u>\$ 19,871,129</u>	 <u>\$ 100,228,695</u>

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
Governmental activities:						
General government	\$ 5,654,478	\$ 1,114,218	\$ 5,600	\$ 1,443,950	\$ (3,090,710)	\$ (3,090,710)
Public safety	5,929,666	212,903	7,291	-	(5,709,472)	(5,709,472)
Community environment	269,732	100	-	-	(269,632)	(269,632)
Recreation	340,320	139,647	14,919	-	(185,754)	(185,754)
Transportation	3,564,160	3,257	1,321,207	-	(2,239,696)	(2,239,696)
Interest on long-term debt	1,180,046	-	-	-	(1,180,046)	(1,180,046)
Total governmental activities	<u>16,938,402</u>	<u>1,470,125</u>	<u>1,349,017</u>	<u>1,443,950</u>	<u>(12,675,310)</u>	<u>(12,675,310)</u>
Business-type activities:						
Waste collection	1,231,440	1,335,906	-	-	\$ 104,466	104,466
Golf course operations	4,036,938	3,805,475	-	-	(231,463)	(231,463)
Yankee Trace equipment purchase	134,794	101,637	-	-	(33,157)	(33,157)
Total business-type activities	<u>5,403,172</u>	<u>5,243,018</u>	<u>-</u>	<u>-</u>	<u>(160,154)</u>	<u>(160,154)</u>
Total	<u>\$ 22,341,574</u>	<u>\$ 6,713,143</u>	<u>\$ 1,349,017</u>	<u>\$ 1,443,950</u>	<u>(12,675,310)</u>	<u>(12,835,464)</u>
General revenues:						
Taxes:						
Income taxes					10,631,431	10,631,431
Property taxes					1,425,970	1,425,970
Estate taxes					1,372,484	1,372,484
Grants and contributions not restricted to specific programs					970,556	970,556
Investment earnings					1,317,758	1,364,656
Gain on sale/disposal of capital assets					2,400	2,400
Miscellaneous					288,719	288,719
Transfers					(100,000)	-
Total general revenues and transfers					<u>15,909,318</u>	<u>16,056,216</u>
Change in net assets					3,234,008	3,220,752
Net assets - beginning					<u>51,541,555</u>	<u>70,863,217</u>
Net assets - ending					<u>\$ 54,775,563</u>	<u>\$ 74,083,969</u>

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	General	Street Construction & Maintenance	Special Assessment Debt Retirement	Capital Improvements	Non-major Governmental Funds	Total Governmental Funds
ASSETS						
Pooled cash and cash equivalents	\$ 547,622	\$ 77,829	\$ 244,793	\$ 322,181	\$ 931,774	\$ 2,124,199
Investments	7,199,338	307,765	-	8,826,783	1,712,484	18,046,370
Receivables (net):						
Taxes	4,100,431	-	-	-	-	4,100,431
Accounts	3,026	2,101	-	1,332	237	6,696
Intergovernmental	382,707	549,066	-	24,335	180,227	1,136,335
Interest	70,736	-	-	95,556	15,449	181,741
Special assessments	-	-	12,848,868	-	-	12,848,868
Due from other funds	-	-	-	-	21,524	21,524
Inventory	2,533	86,853	-	-	-	89,386
Prepaid items	88,062	15,498	-	-	-	103,560
Total assets	\$ 12,394,455	\$ 1,039,112	\$ 13,093,661	\$ 9,270,187	\$ 2,861,695	\$ 38,659,110
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 139,423	\$ 23,194	\$ -	\$ 165,747	\$ 14,656	\$ 343,020
Accrued liabilities	364,304	46,091	-	-	-	410,395
Due to other funds	21,524	-	-	-	-	21,524
Deferred revenue	3,069,182	388,580	12,226,810	204,250	69,196	15,958,018
Total liabilities	3,594,433	457,865	12,226,810	369,997	83,852	16,732,957
Fund Balances:						
Reserved for:						
Debt service	-	-	866,851	-	1,556,882	2,423,733
Inventory	2,533	86,853	-	-	-	89,386
Prepaid items	88,062	15,498	-	-	-	103,560
Encumbrances	114,705	-	-	1,217,593	80,848	1,413,146
Unreserved, designated for capital projects	-	-	-	6,000,000	-	6,000,000
Unreserved, reported in:						
General fund	8,594,722	-	-	-	-	8,594,722
Special revenue funds	-	478,896	-	-	535,138	1,014,034
Capital projects funds	-	-	-	1,682,597	604,975	2,287,572
Total fund balances	8,800,022	581,247	866,851	8,900,190	2,777,843	21,926,153
Total liabilities and fund balances	\$ 12,394,455	\$ 1,039,112	\$ 13,093,661	\$ 9,270,187	\$ 2,861,695	\$ 38,659,110

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE
RECONCILIATION OF TOTAL
GOVERNMENTAL FUND BALANCES TO NET
ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2007**

Total governmental fund balances \$ 21,926,153

*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. 39,493,919

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

Income taxes receivable	1,197,119
Other taxes and intergovernmental receivables	766,369
Special assessments	12,226,810
Other receivables	83,625

Internal service funds are used to charge
the costs of certain activities to individual funds.
The assets and liabilities of the internal service
funds are included in governmental activities
in the statement of net assets. 1,996,665

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

Bonds payable	(23,126,000)
Issuance premium (to be amortized as interest expense)	(274,753)
Deferred charge on refunding	1,015,583
Deferred charge for issuance costs (to be amortized as interest expense)	141,809
Compensated absences	(577,163)
Capital lease payable	(2,438)
Accrued interest on long-term debt	(92,135)

Net assets of governmental activities \$ 54,775,563

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, 2007**

	General	Street Construction & Maintenance	Special Assessment Debt Retirement	Capital Improvements	Non-major Governmental Funds	Total Governmental Funds
REVENUES:						
Local taxes	\$ 11,805,299	\$ -	\$ -	\$ -	\$ -	\$ 11,805,299
Intergovernmental revenues	2,513,369	967,255	-	1,445,228	335,794	5,261,646
Special assessments	5,652	-	620,780	-	-	626,432
Charges for services	48,869	3,257	-	-	-	52,126
Fines, licenses and permits	282,222	-	-	-	1,055	283,277
Investment income	371,036	22,514	30,344	667,156	201,501	1,292,551
Rent	-	-	-	-	819,395	819,395
Miscellaneous receipts and reimbursements	245,021	11,463	-	240,652	26,807	523,943
Total revenues	15,271,468	1,004,489	651,124	2,353,036	1,384,552	20,664,669
EXPENDITURES:						
Current:						
General government	4,696,552	-	31,084	-	18,633	4,746,269
Public safety	5,707,925	-	-	-	6,142	5,714,067
Community environment	268,817	-	-	-	-	268,817
Recreation	271,017	-	-	-	12,039	283,056
Transportation	-	1,849,546	-	-	64,347	1,913,893
Capital outlay	-	-	-	4,117,899	429,791	4,547,690
Debt service:						
Principal	5,706	-	206,000	-	765,000	976,706
Interest and other charges	198	-	389,279	-	744,023	1,133,500
Total expenditures	10,950,215	1,849,546	626,363	4,117,899	2,039,975	19,583,998
Excess (deficiency) of revenues over (under) expenditures	4,321,253	(845,057)	24,761	(1,764,863)	(655,423)	1,080,671
OTHER FINANCING SOURCES (USES):						
Transfers in	-	900,000	-	1,250,000	475,000	2,625,000
Transfers out	(2,725,000)	-	-	-	-	(2,725,000)
Sale of capital assets	-	-	-	-	2,400	2,400
Total other financing sources (uses)	(2,725,000)	900,000	-	1,250,000	477,400	(97,600)
Net change in fund balances	1,596,253	54,943	24,761	(514,863)	(178,023)	983,071
Fund balances, beginning of year	7,203,769	526,304	842,090	9,415,053	2,955,866	20,943,082
Fund balances, end of year	\$ 8,800,022	\$ 581,247	\$ 866,851	\$ 8,900,190	\$ 2,777,843	\$ 21,926,153

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, 2007**

Net change in fund balances - total governmental funds \$ 983,071

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	4,020,530
Current year depreciation	(2,142,688)

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.

(203,805)

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

Income taxes	217,893
Special assessments	(622,058)
Investment income	24,973
Other revenue	(15,471)

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

976,706

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	2,366
Compensated absences	(3,259)
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.

54,025

Change in net assets of governmental activities

\$ 3,234,008

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007**

	Business-type Activities				Governmental Activities - Internal Service Funds
	Waste Collection	Golf Course Operations	Non-major Enterprise Fund	Totals	
ASSETS					
Current assets:					
Pooled cash and cash equivalents	\$ 125,610	\$ 128,058	\$ 148,806	\$ 402,474	\$ 258,531
Investments	513,063	-	-	513,063	1,179,333
Receivables (net):					
Accounts	65,779	41,452	-	107,231	3,114
Interest	2,439	-	-	2,439	3,067
Inventory	5,227	113,546	-	118,773	-
Prepaid items	7,970	6,540	-	14,510	-
Total current assets	<u>720,088</u>	<u>289,596</u>	<u>148,806</u>	<u>1,158,490</u>	<u>1,444,045</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					
Total noncurrent assets	<u>-</u>	<u>3,285,786</u>	<u>253,324</u>	<u>3,539,110</u>	<u>646,860</u>
Total noncurrent assets	<u>-</u>	<u>18,452,662</u>	<u>253,324</u>	<u>18,705,986</u>	<u>646,860</u>
Total assets	<u>\$ 720,088</u>	<u>\$ 18,742,258</u>	<u>\$ 402,130</u>	<u>\$ 19,864,476</u>	<u>\$ 2,090,905</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 55,508	\$ 28,035	\$ -	\$ 83,543	\$ 86,345
Accrued liabilities	18,908	33,053	-	51,961	-
Capital lease payable	-	2,195	-	2,195	-
Compensated absences	25,000	10,000	-	35,000	-
Deferred revenue	262,689	-	-	262,689	1,242
Deposit liability	-	87,870	-	87,870	-
Total current liabilities	<u>362,105</u>	<u>161,153</u>	<u>-</u>	<u>523,258</u>	<u>87,587</u>
Noncurrent liabilities:					
Compensated absences	15,238	24,227	-	39,465	-
Total noncurrent liabilities	<u>15,238</u>	<u>24,227</u>	<u>-</u>	<u>39,465</u>	<u>-</u>
Total liabilities	<u>377,343</u>	<u>185,380</u>	<u>-</u>	<u>562,723</u>	<u>87,587</u>
NET ASSETS					
Invested in capital assets, net of related debt	-	18,450,467	253,324	18,703,791	646,860
Unrestricted	342,745	106,411	148,806	597,962	1,356,458
Total net assets	<u>342,745</u>	<u>18,556,878</u>	<u>402,130</u>	<u>19,301,753</u>	<u>2,003,318</u>
Total liabilities and net assets	<u>\$ 720,088</u>	<u>\$ 18,742,258</u>	<u>\$ 402,130</u>	<u>\$ 19,864,476</u>	<u>\$ 2,090,905</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund				6,653	
Total net assets from above				<u>19,301,753</u>	
Net assets of business-type activities				<u>\$ 19,308,406</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, 2007**

	Business-type Activities			Totals	Governmental Activities - Internal Service Funds
	Waste Collection	Golf Course Operations	Non-major Enterprise Fund		
OPERATING REVENUES:					
Charges for services	\$ 1,334,549	\$ 3,764,152	\$ 112,449	\$ 5,211,150	\$ 276,671
Other revenue	1,870	45,186	-	47,056	18,015
Total operating revenues	<u>1,336,419</u>	<u>3,809,338</u>	<u>112,449</u>	<u>5,258,206</u>	<u>294,686</u>
OPERATING EXPENSES:					
Salaries and wages	576,171	1,218,999	-	1,795,170	-
Fringe benefits	179,137	251,172	-	430,309	-
Purchased services	316,043	1,284,754	-	1,600,797	6,231
Supplies and materials	108,428	919,606	43,247	1,071,281	430
Other expenses	66,930	231,948	-	298,878	26,549
Depreciation	206	130,338	91,547	222,091	308,003
Total operating expenses	<u>1,246,915</u>	<u>4,036,817</u>	<u>134,794</u>	<u>5,418,526</u>	<u>341,213</u>
Operating income (loss)	<u>89,504</u>	<u>(227,479)</u>	<u>(22,345)</u>	<u>(160,320)</u>	<u>(46,527)</u>
NONOPERATING REVENUES (EXPENSES):					
Investment income	34,569	4,209	8,120	46,898	81,676
Interest expense	-	(121)	-	(121)	-
Gain (loss) on disposal of assets	(513)	(3,863)	(10,812)	(15,188)	34,351
Total nonoperating revenues (expenses)	<u>34,056</u>	<u>225</u>	<u>(2,692)</u>	<u>31,589</u>	<u>116,027</u>
Income (loss) before transfers	123,560	(227,254)	(25,037)	(128,731)	69,500
Transfers in	-	100,000	-	100,000	-
Change in net assets	123,560	(127,254)	(25,037)	(28,731)	69,500
Total net assets - beginning of year	<u>219,185</u>	<u>18,684,132</u>	<u>427,167</u>		<u>1,933,818</u>
Total net assets - end of year	<u>\$ 342,745</u>	<u>\$ 18,556,878</u>	<u>\$ 402,130</u>		<u>\$ 2,003,318</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				<u>15,475</u>	
Change in net assets of business-type activities				<u>\$ (13,256)</u>	

See Notes to the Basic Financial Statements.

CITY OF CENTERVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007

	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	\$ 1,357,624	\$ 3,802,177	\$ 112,449	\$ 5,272,250	\$ 296,806
Cash paid to employees	(609,068)	(1,228,795)	-	(1,837,863)	-
Cash paid to suppliers of goods and services	(638,406)	(2,639,316)	(49,889)	(3,327,611)	(41,196)
Other receipts	1,870	45,186	-	47,056	-
Net cash provided (used) by operating activities	<u>112,020</u>	<u>(20,748)</u>	<u>62,560</u>	<u>153,832</u>	<u>255,610</u>
Cash flows from non-capital financing activities:					
Transfers, net	-	100,000	-	100,000	-
Cash flows from capital and related financing activities:					
Purchase of property and equipment	-	-	(61,718)	(61,718)	-
Proceeds from sale of property and equipment	-	-	5,200	5,200	34,750
Principal payments on capital lease	-	(2,315)	-	(2,315)	-
Interest payments on capital lease	-	(121)	-	(121)	-
Net cash provided (used) by capital and related financing activities	-	<u>(2,436)</u>	<u>(56,518)</u>	<u>(58,954)</u>	<u>34,750</u>
Cash flows from investing activities:					
Purchase of investments	(531,786)	-	-	(531,786)	(1,190,907)
Sale of investments	505,643	-	-	505,643	1,015,933
Interest received	30,900	4,209	8,120	43,229	67,113
Net cash provided (used) by investing activities	<u>4,757</u>	<u>4,209</u>	<u>8,120</u>	<u>17,086</u>	<u>(107,861)</u>
Increase (decrease) in cash and cash equivalents	116,777	81,025	14,162	211,964	182,499
Cash and cash equivalents at beginning of year	8,833	47,033	134,644	190,510	76,032
Cash and cash equivalents at end of year	<u>\$ 125,610</u>	<u>\$ 128,058</u>	<u>\$ 148,806</u>	<u>\$ 402,474</u>	<u>\$ 258,531</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 89,504	\$ (227,479)	\$ (22,345)	\$ (160,320)	\$ (46,527)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	206	130,338	91,547	222,091	308,003
Change in operating assets and liabilities:					
(Increase) decrease in receivables	4,167	11,809	-	15,976	2,120
(Increase) decrease in prepaid items	76	322	-	398	-
(Increase) decrease in inventories	(5,227)	79,656	-	74,429	-
Increase (decrease) in liabilities	23,294	(15,394)	(6,642)	1,258	(7,986)
Total adjustments	<u>22,516</u>	<u>206,731</u>	<u>84,905</u>	<u>314,152</u>	<u>302,137</u>
Net cash provided (used) by operating activities	<u>\$ 112,020</u>	<u>\$ (20,748)</u>	<u>\$ 62,560</u>	<u>\$ 153,832</u>	<u>\$ 255,610</u>
Non-cash investing, capital and financing activities:					
Capital assets purchased on account	\$ -	\$ -	\$ -	\$ -	\$ 86,345
Change in fair value of investments	\$ (18,723)	\$ -	\$ -	\$ (18,723)	\$ (11,574)

See Notes to the Basic Financial Statements.

**CITY OF CENTERVILLE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
DECEMBER 31, 2007**

	<u>Agency Funds</u>
ASSETS	
Pooled cash and cash equivalents	<u>\$ 126,843</u>
Total assets	<u><u>\$ 126,843</u></u>
LIABILITIES	
Undistributed monies	<u><u>\$ 126,843</u></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, 2007

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (continued)

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

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

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

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

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

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

The City reports the following major governmental funds:

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

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (continued)

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

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the City reports the following fund types:

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

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3)

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (continued)

capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

D. Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

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

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (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 \$2,500 and an estimated useful life in excess of one year.

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

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (continued)

recorded as expenditures of the current period in the governmental fund financial statements.

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

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

4. Compensated Absences

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

5. Bond Discounts, Premiums and Issuance Costs

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

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

6. Reserves and Designations

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

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

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (continued)

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, 2007, the carrying amount of the City's cash deposits (which includes Certificates of Deposits of \$500,000) was \$2,912,047. As of December 31, 2007, \$200,000 of the City's bank balance of \$3,373,020 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$3,173,020 was exposed to custodial credit risk described below.

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

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (continued)

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

The City invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2007. 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, 2007.

A summary of the fair value of investments held, and year of maturities, as of December 31, 2007 is as follows:

	<u>Fair Value</u>	<u>Investments maturing in years ended</u>				
		<u>12/31/08</u>	<u>12/31/09</u>	<u>12/31/10</u>	<u>12/31/11</u>	<u>12/31/12</u>
U.S. agencies	\$18,702,397	\$1,000,000	\$751,330	\$2,249,278	\$4,331,785	\$10,370,004
Mutual bond funds	118,638	118,638	0	0	0	0
STAR Ohio	<u>917,731</u>	<u>917,731</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total investments	<u>\$19,738,766</u>	<u>\$2,036,369</u>	<u>\$751,330</u>	<u>\$2,249,278</u>	<u>\$4,331,785</u>	<u>\$10,370,004</u>

Callable securities are assumed to remain uncalled prior to maturity.

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

Credit Risk – It is the City's policy to limit its investments that are not obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government to

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (continued)

investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. As of December 31, 2007, the City's investment in STAR Ohio was rated AAAM by Standard & Poor's and the City's investments in U.S. agencies (not explicitly guaranteed by the U.S. government) and government-sponsored corporations were rated AAA by Standard & Poor's and Aaa by Moody's Investor Service.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City's securities are either insured and registered in the name of the City, or at least registered in the name of the City. The City has no investment policy for custodial credit risk beyond the requirements of the Ohio Revised Code.

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

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

Investments in any one issuer that represent 5% or more of the total investments at December 31, 2007 include:

<u>Issuer:</u>	<u>Fair Value</u>	<u>Percent</u>
U.S. Agencies:		
Federal National Mortgage Corporation	\$4,086,860	20.7%
Federal Home Loan Bank	6,258,259	31.7%
Federal Home Loan Mortgage Corporation	7,760,989	39.3%

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (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 property, public utility tangible personal property and tangible (used in business) property located in the City. Property taxes are levied each December 31st on the assessed value listed as of the prior December 31st. Assessed values are established for real property at 35 percent of true value, for public utility tangible personal property at varying percentages, generally 25 percent, and for tangible personal property at 12.5 percent of true value. The percentage for tangible personal property will be reduced to 6.25% for 2008 and zero percent for 2009. The State of Ohio will reimburse the City for lost revenue during the phase out of the tangible personal property tax. The City will receive full reimbursement for years 2007-2010 and reduced reimbursement for years 2011-2017. 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, 2006
Lien date	December 31, 2006
Tax bill mailed	January 20, 2007
First installment payment due	February 15, 2007
Second installment payment due	July 15, 2007

The assessed values for the City at December 31, 2006, were as follows:

	Assessed Value
Real Estate	\$617,119,140
Tangible Personal Property	17,435,382
Public Utility Tangible Personal Property	<u>11,777,030</u>
Total	<u>\$646,331,552</u>

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (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, 2007 was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 3,977,356	\$ 0	\$ 0	\$ 3,977,356
Construction in progress	<u>0</u>	<u>67,861</u>	<u>0</u>	<u>67,861</u>
Subtotal	3,977,356	67,861	0	4,045,217
 <i>Capital assets being depreciated:</i>				
Building and improvements	8,538,690	11,500	(6,459)	8,543,731
Machinery and equipment	6,773,110	210,138	(1,082,282)	5,900,966
General infrastructure	<u>44,489,487</u>	<u>3,817,376</u>	<u>(1,518,829)</u>	<u>46,788,034</u>
Subtotal	<u>59,801,287</u>	<u>4,039,014</u>	<u>(2,607,570)</u>	<u>61,232,731</u>
 <i>Less accumulated depreciation for:</i>				
Building and improvements	1,543,244	211,978	(4,137)	1,751,085
Machinery and equipment	4,584,714	618,902	(880,400)	4,323,216
General infrastructure	<u>18,961,886</u>	<u>1,619,811</u>	<u>(1,518,829)</u>	<u>19,062,868</u>
Subtotal	<u>25,089,844</u>	<u>2,450,691</u>	<u>(2,403,366)</u>	<u>25,137,169</u>
 Net capital assets	 <u>\$ 38,688,799</u>	 <u>\$ 1,656,184</u>	 <u>\$ (204,204)</u>	 <u>\$ 40,140,779</u>

Depreciation was charged to governmental activities as follows:

General government	\$ 147,173
Public safety	367,823
Community environment	2,666
Recreation	60,035
Transportation	<u>1,803,149</u>
Total governmental activities depreciation expense	<u>\$ 2,380,846</u>
Portion of internal service funds' depreciation included above allocable to business-type activities	<u>69,845</u>
Total additions to accumulated depreciation of governmental activities	<u>\$ 2,450,691</u>

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (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>0</u>	\$ <u>0</u>	\$ <u>15,166,876</u>
 <i>Capital assets being depreciated:</i>				
Building and improvements	4,037,103	0	0	4,037,103
Machinery and equipment	<u>1,771,680</u>	<u>61,718</u>	<u>(194,761)</u>	<u>1,638,637</u>
Subtotal	<u>5,808,783</u>	<u>61,718</u>	<u>(194,761)</u>	<u>5,675,740</u>
 <i>Less accumulated depreciation for:</i>				
Building and improvements	947,902	90,712	0	1,038,614
Machinery and equipment	<u>1,141,010</u>	<u>131,379</u>	<u>(174,373)</u>	<u>1,098,016</u>
Subtotal	<u>2,088,912</u>	<u>222,091</u>	<u>(174,373)</u>	<u>2,136,630</u>
 Net capital assets	 <u>\$18,886,747</u>	 <u>\$ (160,373)</u>	 <u>\$ (20,388)</u>	 <u>\$ 18,705,986</u>

Depreciation was charged to business-type activities as follows:

Waste collection	\$ 206
Golf course operations	130,338
Other business-type activities	<u>91,547</u>
Total business-type activities depreciation expense	\$ <u>222,091</u>
Portion of internal service funds' depreciation allocable to business-type activities	<u>69,845</u>
Total additions to accumulated depreciation of business-type activities	\$ <u>291,936</u>

E. Pension Plans

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

1. Ohio Public Employees Retirement System (OPERS)

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

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (continued)

contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans.

Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand alone financial report. That report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215 or by calling 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2007, member and employer contribution rates were consistent across all three plans. Plan members were required to contribute 9.5% of their annual covered salary and the City was required to contribute 13.85%. The City's required contributions to OPERS for the years ended December 31, 2007, 2006 and 2005, were \$735,726, \$706,546, and \$689,388 respectively, equal to the required contributions for the year.

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

OP&F is a cost-sharing, multiple-employer defined benefit pension plan which provides retirement and disability pension benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.5% for police and 24.0% for firefighters. The City's contributions to the plan for police for the years ending December 31, 2007, 2006, and 2005 were \$561,234, \$566,902, and \$535,039 respectively, equal to the required contributions for the year. The unpaid contribution for 2007 was \$142,175, and is recorded as a liability within the respective fund.

F. Post-employment Benefits

In addition to the pension benefits described in Note E, both the Public Employees Retirement System of Ohio and the Ohio Police and Fire Pension Fund provide post-

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (continued)

retirement healthcare coverage which meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. For both systems, the Ohio Revised Code (ORC) permits, but does not mandate, OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in the ORC Chapter 145 for OPERS and Chapter 742 for OP&F.

1. Ohio Public Employees Retirement System

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

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

In order to qualify for post-retirement healthcare coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

OPERS issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-2642.

Funding Policy: The ORC provides the statutory authority requiring public employers to fund post retirement healthcare through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement healthcare benefits. Employer contributions rates are expressed as a percentage of the covered payroll of active members. In 2007, local government employers contributed 13.85% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' post retirement healthcare plan was established under, and is administered in accordance with, Internal revenue Code 401 (h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment healthcare benefits. For 2007, the employer contribution allocated to the healthcare plan from January 1 through June 30, 2007 and July 1 through December 31, 2007 was 5.0% and 6.0% of covered payroll, respectively. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (continued)

surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OPERS for the year ending December 31, 2007 were \$735,726 of which \$292,360 was allocated to the healthcare plan. The number of active contributing participants to the Traditional Pension and Combined Plans was 374,979 as of December 31, 2007. The number of active contributing participants for both plans used in the December 31, 2006 actuarial valuation was 362,130. The amount of \$12.0 billion represents the actuarial valuation of OPERS' net assets available for OPEB at December 31, 2006. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2006, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at \$30.7 billion and \$18.7 billion, respectively.

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

2. Ohio Police and Fire Pension Fund

Plan Description: The City contributes to the OP&F sponsored healthcare program, a cost-sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

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

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (continued)

OP&F's post employment healthcare plan was established and is administered as an Internal Revenue Code 401 (h) account within the defined benefit pension plan, under the authority granted by the ORC to the OP&F board of trustees. The board of trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the 401 (h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401 (h).

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

The City's contributions to OP&F for the year ending December 31, 2007 were \$561,234 of which \$194,187 was allocated to the healthcare plan. The number of participants eligible to receive health care benefits as of December 31, 2006 was 14,120 for Police and 10,563 for Firefighters. The plan's total health care expenses for the year ended December 31, 2006 were \$120,373,722, which was net of member contributions of \$58,532,848.

G. Interfund Receivables, Payables & Transfers

The composition of interfund balances as of December 31, 2007, is as follows:

Internal balances:

<u>Type</u>	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>
Internal Service Allocation	\$(6,653)	\$6,653

Due to / due from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Golf Course Debt Retirement	General	\$21,524

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

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (continued)

Interfund transfers:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 0	\$2,725,000
Street Construction and Maintenance	900,000	0
Capital Improvements	1,250,000	0
Non-major Governmental	475,000	0
Golf Course Operations	<u>100,000</u>	<u>0</u>
Total	<u>\$2,725,000</u>	<u>\$2,725,000</u>

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

H. Capital Lease

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

The future minimum lease payments under the capital leases, together with the present value of the net minimum lease payments as of December 31, 2007, were as follows:

	<u>Governmental</u> <u>Activities</u>	<u>Golf Course</u> <u>Operations</u>
2008	<u>2,460</u>	<u>2,233</u>
Total minimum lease payments	2,460	2,233
Less: amount representing interest	<u>(22)</u>	<u>(38)</u>
Present value of minimum lease payments	<u>\$2,438</u>	<u>\$2,195</u>

I. Operating Lease – City as Lessor

The City is the lessor of a building under noncancellable leases with the Bureau of Motor Vehicles, State of Ohio and the Auto Title Division, Montgomery County, Ohio. Assets relating to the leases as of December 31, 2007 include buildings and improvements of a cost \$214,284 and accumulated depreciation of \$66,270. The future minimum lease payments as of December 31, 2007 are as follows:

2008	23,332
2009	<u>11,159</u>
	<u>\$ 34,491</u>

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (continued)

J. Long-term Debt

Long-term liability activity for the year ended December 31, 2007, was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	Ending <u>Balance</u>	Due Within <u>One Year</u>
Governmental Activities:					
General Obligation Bonds:					
Capital Facilities-Series 2001, 3.50%-5.125%	\$2,935,000	\$ 0	\$ 95,000	\$ 2,840,000	100,000
Various Purpose Refunding- Series 2003, 2.00%-5.25%	13,975,000	0	670,000	13,305,000	690,000
Less deferred amounts:					
For issuance premium	292,894	0	18,141	274,753	0
On refunding	<u>(1,082,636)</u>	<u>0</u>	<u>(67,053)</u>	<u>(1,015,583)</u>	<u>0</u>
Total general obligation bonds	16,120,258	0	716,088	15,404,170	790,000
Special Assessment Bonds:					
Street Improvement-Series 1987, 6.375%	11,000	0	11,000	0	0
Street Improvement-Series 1990, 7.90%	71,000	0	15,000	56,000	14,000
Street Improvement-Series 1994, 5.40%-6.60%	195,000	0	20,000	175,000	20,000
Street Improvement-Series 1995, 4.30%-5.625%	920,000	0	25,000	895,000	30,000
Street Improvement-Series 1998-1, 4.05%-5.35%	1,000,000	0	25,000	975,000	25,000
Street Improvement-Series 1998-2, 3.50%-5.00%	1,075,000	0	25,000	1,050,000	25,000
Street Improvement-Series 1999, 4.20%-5.75%	1,405,000	0	30,000	1,375,000	30,000
Street Improvement-Series 2000, 4.65%-5.75%	990,000	0	20,000	970,000	20,000
Street Improvement-Series 2001, 3.70%-5.50%	915,000	0	20,000	895,000	20,000
Street Improvement-Series 2002, 4.20%-5.30%	<u>605,000</u>	<u>0</u>	<u>15,000</u>	<u>590,000</u>	<u>15,000</u>
Total Special Assessment Bonds	7,187,000	0	206,000	6,981,000	199,000
Other:					
Capital leases	8,144	0	5,706	2,438	2,438
Compensated absences	<u>573,904</u>	<u>419,531</u>	<u>416,272</u>	<u>577,163</u>	<u>250,000</u>
Total Other	582,048	419,531	421,978	579,601	252,438
Total-Governmental Activities					
Long-term Liabilities	<u>\$23,889,306</u>	<u>\$419,531</u>	<u>\$1,344,066</u>	<u>\$22,964,771</u>	<u>\$1,241,438</u>

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (continued)

Business-type Activities:

Other:

Capital leases	\$ 4,510	\$ 0	\$ 2,315	\$ 2,195	\$ 2,195
Compensated absences	<u>111,301</u>	<u>20,785</u>	<u>57,621</u>	<u>74,465</u>	<u>35,000</u>
<i>Total-Business-type Activities</i>					
<i>Long-term Liabilities</i>	<u>\$115,811</u>	<u>\$20,785</u>	<u>\$59,936</u>	<u>\$76,660</u>	<u>\$37,195</u>

Outstanding general obligation bonds consist of street improvement, municipal and golf course and related structures and operational costs. General obligation bonds are direct obligations of the City for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the government. The original amount of general obligation bonds issued in prior years was \$19,265,000.

Special assessment bonds maturing through 2032 consist of street, sidewalk and curb improvement issues which are payable from the proceeds of assessments against individual property owners. These bonds are backed by the full faith and credit of the City. In the event of delinquencies related to special assessment bonds, the City is required to use other resources until foreclosure proceeds are received to satisfy debt service. The original amount of special assessment bonds issued in prior years was \$8,730,550.

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

The following table summarizes the City's future long-term bond service requirements as of December 31, 2007:

Year Ending December 31:	<u>General Obligation</u>		<u>Special Assessment</u>	
	Principal	Interest	Principal	Interest
2008	\$ 790,000	\$ 726,915	\$ 199,000	\$ 378,708
2009	825,000	695,565	214,000	368,489
2010	850,000	662,670	229,000	357,471
2011	885,000	635,003	234,000	345,292
2012	910,000	602,593	235,000	332,588
2013-2017	5,235,000	2,430,541	1,270,000	1,466,333
2018-2022	4,680,000	1,128,125	1,555,000	1,100,709
2023-2027	1,970,000	218,538	1,955,000	626,522
2028-2032	0	0	1,090,000	125,095
Total	<u>\$16,145,000</u>	<u>\$7,099,950</u>	<u>\$6,981,000</u>	<u>\$5,101,207</u>

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (continued)

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, 2007, the City had a legal debt margin for total debt of \$67,864,813 and a legal debt margin for unvoted debt of \$35,548,235.

In 2003, the City issued \$15,980,000 of general obligation refunding bonds to provide resources to purchase U.S. Government State and Local Governments Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$14,685,000 of general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets.

To provide for the Bethany Lutheran Village Continuing Care Facility, the City has issued three series of Health Care Revenue Bonds. These bonds are special limited obligations of the City, payable solely from and secured by a letter of credit. The bonds do not constitute a debt or pledge of the faith and credit of the City, the County or the State, and, accordingly, have not been reported in the accompanying financial statements. At December 31, 2007, Health Care Revenue Bonds outstanding aggregated \$45,155,000.

K. Risk Management

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

The City pays an annual premium to MVRMA for this coverage. The agreement provides that MVRMA will be self-sustaining through member premiums and the purchase of excess and stop-loss insurance. The deductible per occurrence for all types of claims is \$2,500. During 2007, MVRMA's per occurrence retention limit for property was \$200,000, with the exception of boiler and machinery for which there was a \$5,000 per occurrence retention limit. Liability had a per occurrence retention limit of \$1,000,000. After the retention limits are reached, excess insurance will cover up to the limits stated below:

City of Centerville, Ohio

Notes to the Basic Financial Statements For the Fiscal Year Ended December 31, 2007 (continued)

General liability	\$10,000,000 per occurrence
Automobile liability	\$10,000,000 per occurrence
Police professional liability	\$10,000,000 per occurrence
Public officials liability	\$10,000,000 per occurrence
Boiler and machinery	\$100,000,000 per occurrence
Property	\$350,000,000 per occurrence
Flood	\$20,000,000 per occurrence
Earthquake	\$25,000,000 per occurrence

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

The City is a member of a workers' compensation group rating plan, which allows local governments to group the experience of employers for workers compensation rating purposes. The City pays the State Workers' Compensation System a premium based on salaries paid. The City also provides medical, dental and life insurance to all full time employees. In 2007, the City paid 100% of the premiums for the dental and life insurance coverages, and approximately 95% of the premiums for medical insurance coverage.

L. Contingent Liabilities

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

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

City of Centerville
Required Supplementary Information
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
General Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Local Taxes	\$ 12,833,800	\$ 12,833,800	\$ 13,574,674	\$ 740,874
Intergovernmental revenues	909,577	909,577	1,004,498	94,921
Special assessments	-	-	5,652	5,652
Charges for services	46,800	46,800	48,869	2,069
Fines, licenses, and permits	283,500	283,500	274,194	(9,306)
Interest earned	245,000	245,000	339,540	94,540
Miscellaneous and reimbursements	220,426	220,426	241,994	21,568
Total revenues	14,539,103	14,539,103	15,489,421	950,318
Expenditures:				
Current:				
General government	4,821,724	4,856,224	4,770,025	86,199
Public safety	6,197,300	6,197,300	5,849,249	348,051
Community environment	296,245	296,245	267,818	28,427
Recreation	388,802	388,802	278,176	110,626
Total expenditures	11,704,071	11,738,571	11,165,268	573,303
Excess (deficiency) of revenues over expenditures	2,835,032	2,800,532	4,324,153	1,523,621
Other financing sources (uses):				
Transfers (out)	(2,825,000)	(2,825,000)	(2,725,000)	100,000
Total other financing sources (uses)	(2,825,000)	(2,825,000)	(2,725,000)	100,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	10,032	(24,468)	1,599,153	1,623,621
Fund balance at beginning of year	5,890,176	5,890,176	5,890,176	-
Fund balance at end of year	<u>\$ 5,900,208</u>	<u>\$ 5,865,708</u>	<u>\$ 7,489,329</u>	<u>\$ 1,623,621</u>

City of Centerville
Required Supplementary Information
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Street Construction and Maintenance Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 924,347	\$ 924,347	\$ 961,505	\$ 37,158
Charges for services	750	750	3,257	2,507
Interest earned	15,500	15,500	19,542	4,042
Miscellaneous and reimbursements	3,440	3,440	9,361	5,921
Total revenues	<u>944,037</u>	<u>944,037</u>	<u>993,665</u>	<u>49,628</u>
Expenditures:				
Current:				
Transportation	<u>1,926,232</u>	<u>1,926,232</u>	<u>1,850,383</u>	<u>75,849</u>
Total expenditures	<u>1,926,232</u>	<u>1,926,232</u>	<u>1,850,383</u>	<u>75,849</u>
Excess (deficiency) of revenues over expenditures	(982,195)	(982,195)	(856,718)	125,477
Other financing sources (uses):				
Transfers in	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>-</u>
Total other financing sources (uses)	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(82,195)	(82,195)	43,282	125,477
Fund balance at beginning of year	<u>324,790</u>	<u>324,790</u>	<u>324,790</u>	<u>-</u>
Fund balance at end of year	<u>\$ 242,595</u>	<u>\$ 242,595</u>	<u>\$ 368,072</u>	<u>\$ 125,477</u>

City of Centerville, Ohio

Notes to the Required Supplementary Information For the Fiscal Year Ended December 31, 2007

1. Basis of Budgeting

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

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

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

2. 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, 2007 (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, 2007.

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

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

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

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

City of Centerville, Ohio

Notes to the Required Supplementary Information For the Fiscal Year Ended December 31, 2007 (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	Street Construction and Maintenance Fund
GAAP basis	\$ 1,596,253	\$ 54,943
Net adjustment for revenue accruals	217,953	(10,824)
Net adjustment for expenditure accruals	16,110	16,685
Net adjustment for encumbrances	<u>(231,163)</u>	<u>(17,522)</u>
Budget basis	\$ <u>1,599,153</u>	\$ <u>43,282</u>

City of Centerville Fund Descriptions

Non-Major Special Revenue Funds

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

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

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

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

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

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

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

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

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

City of Centerville Fund Descriptions

Non-Major Debt Service Funds

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

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

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

Non-Major Capital Projects Funds

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

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

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

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

City of Centerville Fund Descriptions

Non-Major Enterprise Fund

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

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

Internal Service Funds

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

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

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

Agency Fund

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

Agency Fund – A fund provided to account for assets held by the City for 1) security rental deposits for rental of City property, 2) bonds from property owners for street improvements, 3) payroll withholdings, and 4) other miscellaneous activities.

**CITY OF CENTERVILLE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	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	\$ 287,074	\$ 525,048	\$ 119,652	\$ 931,774
Investments	133,670	1,010,310	568,504	1,712,484
Receivables (net):				
Accounts	237	-	-	237
Intergovernmental	180,227	-	-	180,227
Interest	-	13,226	2,223	15,449
Due from other funds	-	21,524	-	21,524
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 601,208</u>	<u>\$ 1,570,108</u>	<u>\$ 690,379</u>	<u>\$ 2,861,695</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 8,400	\$ -	\$ 6,256	\$ 14,656
Deferred revenue	55,970	13,226	-	69,196
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>64,370</u>	<u>13,226</u>	<u>6,256</u>	<u>83,852</u>
Fund Balances:				
Reserved for:				
Debt service	-	1,556,882	-	1,556,882
Encumbrances	1,700	-	79,148	80,848
Unreserved	535,138	-	604,975	1,140,113
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>536,838</u>	<u>1,556,882</u>	<u>684,123</u>	<u>2,777,843</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 601,208</u>	<u>\$ 1,570,108</u>	<u>\$ 690,379</u>	<u>\$ 2,861,695</u>

**CITY OF CENTERVILLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Non-major Special Revenue Funds	Non-major Debt Service Funds	Non-major Capital Projects Funds	Total Non-major Governmental Funds
REVENUES:				
Intergovernmental revenues	\$ 335,794	\$ -	\$ -	\$ 335,794
Fines, licenses and permits	1,055	-	-	1,055
Investment income	27,131	127,706	46,664	201,501
Rent	-	819,395	-	819,395
Miscellaneous	18,555	-	8,252	26,807
	<u>382,535</u>	<u>947,101</u>	<u>54,916</u>	<u>1,384,552</u>
Total revenues				
EXPENDITURES:				
Current:				
General government	18,633	-	-	18,633
Public safety	6,142	-	-	6,142
Recreation	12,039	-	-	12,039
Transportation	64,347	-	-	64,347
Capital outlay	165,000	-	264,791	429,791
Debt service:				
Principal	-	765,000	-	765,000
Interest	-	744,023	-	744,023
	<u>266,161</u>	<u>1,509,023</u>	<u>264,791</u>	<u>2,039,975</u>
Total expenditures				
Deficiency of revenues over (under) expenditures	<u>116,374</u>	<u>(561,922)</u>	<u>(209,875)</u>	<u>(655,423)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in	-	275,000	200,000	475,000
Sale of capital assets	-	-	2,400	2,400
	<u>-</u>	<u>275,000</u>	<u>202,400</u>	<u>477,400</u>
Total other financing sources (uses)				
Net change in fund balances	116,374	(286,922)	(7,475)	(178,023)
Fund balances, beginning of year	<u>420,464</u>	<u>1,843,804</u>	<u>691,598</u>	<u>2,955,866</u>
Fund balances, end of year	<u>\$ 536,838</u>	<u>\$ 1,556,882</u>	<u>\$ 684,123</u>	<u>\$ 2,777,843</u>

**CITY OF CENTERVILLE
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2007**

(continued)

	<u>State Highway</u>	<u>Permissive Tax</u>	<u>Law Enforcement</u>	<u>Enforcement & Education</u>	<u>Drug Law</u>	<u>Friends of Benham's Grove</u>
ASSETS						
Pooled cash and cash equivalents	\$ 110,920	\$ 7,243	\$ 21,796	\$ 28,825	\$ 918	\$ 18,788
Investments	-	-	80,202	-	-	-
Receivables (net):						
Accounts	237	-	-	-	-	-
Intergovernmental	<u>44,519</u>	<u>135,433</u>	<u>-</u>	<u>275</u>	<u>-</u>	<u>-</u>
 Total assets	 <u>\$ 155,676</u>	 <u>\$ 142,676</u>	 <u>\$ 101,998</u>	 <u>\$ 29,100</u>	 <u>\$ 918</u>	 <u>\$ 18,788</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 8,387	\$ -	\$ -	\$ 13	\$ -	\$ -
Deferred revenue	<u>31,506</u>	<u>24,464</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total liabilities	 <u>39,893</u>	 <u>24,464</u>	 <u>-</u>	 <u>13</u>	 <u>-</u>	 <u>-</u>
Fund Balances:						
Reserved for:						
Encumbrances	-	-	-	1,600	-	100
Unreserved	<u>115,783</u>	<u>118,212</u>	<u>101,998</u>	<u>27,487</u>	<u>918</u>	<u>18,688</u>
 Total fund balances	 <u>115,783</u>	 <u>118,212</u>	 <u>101,998</u>	 <u>29,087</u>	 <u>918</u>	 <u>18,788</u>
 Total liabilities and fund balances	 <u>\$ 155,676</u>	 <u>\$ 142,676</u>	 <u>\$ 101,998</u>	 <u>\$ 29,100</u>	 <u>\$ 918</u>	 <u>\$ 18,788</u>

**CITY OF CENTERVILLE
 COMBINING BALANCE SHEET
 NON-MAJOR SPECIAL REVENUE FUNDS
 DECEMBER 31, 2007**

	<u>Hospital Insurance</u>	<u>Police Operations Project</u>	<u>Non-major Special Revenue Funds Totals</u>
ASSETS			
Pooled cash and investments	\$ 87,490	\$ 11,094	\$ 287,074
Investments	-	53,468	133,670
Receivables (net):			
Accounts	-	-	237
Intergovernmental	-	-	180,227
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 87,490</u>	<u>\$ 64,562</u>	<u>\$ 601,208</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 8,400
Deferred revenue	-	-	55,970
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>-</u>	<u>64,370</u>
Fund Balances:			
Reserved for:			
Encumbrances	-	-	1,700
Unreserved	87,490	64,562	535,138
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>87,490</u>	<u>64,562</u>	<u>536,838</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 87,490</u>	<u>\$ 64,562</u>	<u>\$ 601,208</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, 2007

(continued)

	State Highway	Permissive Tax	Law Enforcement	Enforcement & Education	Drug Law	Friends of Benham's Grove
REVENUES:						
Intergovernmental revenues	\$ 78,428	\$ 257,366	\$ -	\$ -	\$ -	\$ -
Fines, licenses and permits	-	-	-	1,055	-	-
Investment income	5,829	2,548	5,130	2,223	51	1,086
Miscellaneous	237	-	3,064	4,230	-	11,024
	<u>84,494</u>	<u>259,914</u>	<u>8,194</u>	<u>7,508</u>	<u>51</u>	<u>12,110</u>
Total revenues						
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Public safety	-	-	1,250	3,875	-	-
Recreation	-	-	-	-	-	12,039
Transportation	64,347	-	-	-	-	-
Capital outlay	-	165,000	-	-	-	-
	<u>64,347</u>	<u>165,000</u>	<u>1,250</u>	<u>3,875</u>	<u>-</u>	<u>12,039</u>
Total expenditures						
Excess (deficiency) of revenues over (under) expenditures	<u>20,147</u>	<u>94,914</u>	<u>6,944</u>	<u>3,633</u>	<u>51</u>	<u>71</u>
Net change in fund balances	20,147	94,914	6,944	3,633	51	71
Fund balances, beginning of year	<u>95,636</u>	<u>23,298</u>	<u>95,054</u>	<u>25,454</u>	<u>867</u>	<u>18,717</u>
Fund balances, end of year	<u>\$ 115,783</u>	<u>\$ 118,212</u>	<u>\$ 101,998</u>	<u>\$ 29,087</u>	<u>\$ 918</u>	<u>\$ 18,788</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, 2007**

	<u>Hospital Insurance</u>	<u>Police Operations Project</u>	<u>Non-major Special Revenue Funds Totals</u>
REVENUES:			
Intergovernmental revenues	\$ -	\$ -	\$ 335,794
Fines, licenses and permits	-	-	1,055
Investment income	6,957	3,307	27,131
Miscellaneous	-	-	18,555
	<u>6,957</u>	<u>3,307</u>	<u>382,535</u>
Total revenues			
EXPENDITURES:			
Current:			
General government	18,633	-	18,633
Public safety	-	1,017	6,142
Recreation	-	-	12,039
Transportation	-	-	64,347
Capital outlay	-	-	165,000
	<u>18,633</u>	<u>1,017</u>	<u>266,161</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(11,676)</u>	<u>2,290</u>	<u>116,374</u>
Net change in fund balances	(11,676)	2,290	116,374
Fund balances, beginning of year	<u>99,166</u>	<u>62,272</u>	<u>420,464</u>
Fund balances, end of year	<u>\$ 87,490</u>	<u>\$ 64,562</u>	<u>\$ 536,838</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, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 74,946	\$ 74,946	\$ 77,960	\$ 3,014
Interest earned	3,500	3,500	5,829	2,329
Total revenues	<u>78,446</u>	<u>78,446</u>	<u>83,789</u>	<u>5,343</u>
Expenditures:				
Current:				
Transportation	93,900	93,900	60,113	33,787
Total expenditures	<u>93,900</u>	<u>93,900</u>	<u>60,113</u>	<u>33,787</u>
Excess (deficiency) of revenues over expenditures	(15,454)	(15,454)	23,676	39,130
Fund balance at beginning of year	<u>83,305</u>	<u>83,305</u>	<u>83,305</u>	<u>-</u>
Fund balance at end of year	<u>\$ 67,851</u>	<u>\$ 67,851</u>	<u>\$ 106,981</u>	<u>\$ 39,130</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, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 161,588	\$ 161,588	\$ 155,834	\$ (5,754)
Interest earned	4,000	4,000	2,547	(1,453)
Total revenues	<u>165,588</u>	<u>165,588</u>	<u>158,381</u>	<u>(7,207)</u>
Expenditures:				
Capital outlay	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>	<u>-</u>
Total expenditures	<u>165,000</u>	<u>165,000</u>	<u>165,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	588	588	(6,619)	(7,207)
Fund balance at beginning of year	<u>13,862</u>	<u>13,862</u>	<u>13,862</u>	<u>-</u>
Fund balance at end of year	<u>\$ 14,450</u>	<u>\$ 14,450</u>	<u>\$ 7,243</u>	<u>\$ (7,207)</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, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 4,000	\$ 4,000	\$ 5,130	\$ 1,130
Miscellaneous and reimbursements	<u>3,000</u>	<u>3,000</u>	<u>2,664</u>	<u>(336)</u>
Total revenues	7,000	7,000	7,794	794
Expenditures:				
Current:				
Public safety	<u>6,250</u>	<u>6,250</u>	<u>1,250</u>	<u>5,000</u>
Total expenditures	6,250	6,250	1,250	5,000
Excess (deficiency) of revenues over expenditures	750	750	6,544	5,794
Fund balance at beginning of year	<u>95,454</u>	<u>95,454</u>	<u>95,454</u>	<u>-</u>
Fund balance at end of year	<u>\$ 96,204</u>	<u>\$ 96,204</u>	<u>\$ 101,998</u>	<u>\$ 5,794</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, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Fines, licenses, and permits	\$ 1,400	\$ 1,400	\$ 805	\$ (595)
Interest earned	900	900	2,223	1,323
Miscellaneous and reimbursements	<u>7,000</u>	<u>7,000</u>	<u>4,228</u>	<u>(2,772)</u>
Total revenues	9,300	9,300	7,256	(2,044)
Expenditures:				
Current:				
Public safety	<u>9,850</u>	<u>9,850</u>	<u>5,461</u>	<u>4,389</u>
Total expenditures	9,850	9,850	5,461	4,389
Excess (deficiency) of revenues over expenditures	(550)	(550)	1,795	2,345
Fund balance at beginning of year	<u>25,430</u>	<u>25,430</u>	<u>25,430</u>	<u>-</u>
Fund balance at end of year	<u>\$ 24,880</u>	<u>\$ 24,880</u>	<u>\$ 27,225</u>	<u>\$ 2,345</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, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 40	\$ 40	\$ 53	\$ 13
Total revenues	40	40	53	13
Expenditures:				
Current:				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	40	40	53	13
Fund balance at beginning of year	865	865	865	-
Fund balance at end of year	<u>\$ 905</u>	<u>\$ 905</u>	<u>\$ 918</u>	<u>\$ 13</u>

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Friends of Benham's Grove Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 1,500	\$ 1,500	\$ 1,086	\$ (414)
Miscellaneous and reimbursements	10,950	10,950	11,024	74
Total revenues	12,450	12,450	12,110	(340)
Expenditures:				
Current:				
Recreation	13,350	13,350	12,639	711
Total expenditures	13,350	13,350	12,639	711
Excess (deficiency) of revenues over expenditures	(900)	(900)	(529)	371
Fund balance at beginning of year	19,217	19,217	19,217	-
Fund balance at end of year	<u>\$ 18,317</u>	<u>\$ 18,317</u>	<u>\$ 18,688</u>	<u>\$ 371</u>

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Hospital Insurance Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 4,500	\$ 4,500	\$ 4,987	\$ 487
Total revenues	4,500	4,500	4,987	487
Expenditures:				
Current:				
General government	19,424	19,424	18,632	792
Total expenditures	19,424	19,424	18,632	792
Excess (deficiency) of revenues over expenditures	(14,924)	(14,924)	(13,645)	1,279
Fund balance at beginning of year	101,135	101,135	101,135	-
Fund balance at end of year	<u>\$ 86,211</u>	<u>\$ 86,211</u>	<u>\$ 87,490</u>	<u>\$ 1,279</u>

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Police Operations Project Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 2,750	\$ 2,750	\$ 3,306	\$ 556
Total revenues	2,750	2,750	3,306	556
Expenditures:				
Current:				
Public safety	2,000	2,000	1,017	983
Total expenditures	2,000	2,000	1,017	983
Excess (deficiency) of revenues over expenditures	750	750	2,289	1,539
Fund balance at beginning of year	62,272	62,272	62,272	-
Fund balance at end of year	<u>\$ 63,022</u>	<u>\$ 63,022</u>	<u>\$ 64,561</u>	<u>\$ 1,539</u>

**CITY OF CENTERVILLE
 COMBINING BALANCE SHEET
 NON-MAJOR DEBT SERVICE FUNDS
 DECEMBER 31, 2007**

	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	\$ 26,908	\$ 498,140	\$ 525,048
Investments	-	1,010,310	1,010,310
Receivables (net):			
Interest	-	13,226	13,226
Due from other funds	-	21,524	21,524
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 26,908</u>	<u>\$ 1,543,200</u>	<u>\$ 1,570,108</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	\$ -	\$ 13,226	\$ 13,226
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>-</u>	<u>13,226</u>	<u>13,226</u>
 Fund Balances:			
Reserved for:			
Debt service	<u>26,908</u>	<u>1,529,974</u>	<u>1,556,882</u>
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>26,908</u>	<u>1,529,974</u>	<u>1,556,882</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 26,908</u>	<u>\$ 1,543,200</u>	<u>\$ 1,570,108</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, 2007**

	Unvoted Debt Retirement	Golf Course Debt Retirement	Non-major Debt Service Funds Totals
REVENUES:			
Investment income	\$ 3,706	\$ 124,000	\$ 127,706
Rent	<u>-</u>	<u>819,395</u>	<u>819,395</u>
Total revenues	<u>3,706</u>	<u>943,395</u>	<u>947,101</u>
EXPENDITURES:			
Debt service:			
Principal	75,000	690,000	765,000
Interest and fiscal charges	<u>39,403</u>	<u>704,620</u>	<u>744,023</u>
Total expenditures	<u>114,403</u>	<u>1,394,620</u>	<u>1,509,023</u>
Excess (deficiency) of revenues over (under) expenditures	(110,697)	(451,225)	(561,922)
OTHER FINANCING USES:			
Transfers in	<u>115,000</u>	<u>160,000</u>	<u>275,000</u>
Total other financing uses	<u>115,000</u>	<u>160,000</u>	<u>275,000</u>
Net change in fund balances	4,303	(291,225)	(286,922)
Fund balances, beginning of year	<u>22,605</u>	<u>1,821,199</u>	<u>1,843,804</u>
Fund balances, end of year	<u>\$ 26,908</u>	<u>\$ 1,529,974</u>	<u>\$ 1,556,882</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, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 2,500	\$ 2,500	\$ 3,706	\$ 1,206
Total revenues	2,500	2,500	3,706	1,206
Expenditures:				
Debt service:				
Principal	75,000	75,000	75,000	-
Interest and fiscal charges	39,403	39,403	39,403	-
Total expenditures	114,403	114,403	114,403	-
Excess (deficiency) of revenues over expenditures	(111,903)	(111,903)	(110,697)	1,206
Other financing sources (uses):				
Transfers in	115,000	115,000	115,000	-
Total other financing sources (uses)	115,000	115,000	115,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	3,097	3,097	4,303	1,206
Fund balance at beginning of year	22,605	22,605	22,605	-
Fund balance at end of year	<u>\$ 25,702</u>	<u>\$ 25,702</u>	<u>\$ 26,908</u>	<u>\$ 1,206</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, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 90,000	\$ 90,000	\$ 75,508	\$ (14,492)
Sale of property	2,000,000	-	-	-
Rent	819,395	819,395	819,395	-
Total revenues	2,909,395	909,395	894,903	(14,492)
Expenditures:				
Debt service:				
Principal	690,000	690,000	690,000	-
Interest and fiscal charges	704,621	704,621	704,619	2
Total expenditures	1,394,621	1,394,621	1,394,619	2
Excess (deficiency) of revenues over expenditures	1,514,774	(485,226)	(499,716)	(14,490)
Other financing sources (uses):				
Operating transfers in	160,000	160,000	160,000	-
Total other financing sources (uses)	160,000	160,000	160,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	1,674,774	(325,226)	(339,716)	(14,490)
Fund balance at beginning of year	1,858,880	1,858,880	1,858,880	-
Fund balance at end of year	\$ 3,533,654	\$ 1,533,654	\$ 1,519,164	\$ (14,490)

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, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Special assessments	\$ 636,636	\$ 636,636	\$ 635,359	\$ (1,277)
Interest earned	25,000	25,000	25,482	482
Total revenues	661,636	661,636	660,841	(795)
Expenditures:				
Current:				
General government	33,300	33,300	31,084	2,216
Debt service:				
Principal	206,000	206,000	206,000	-
Interest and fiscal charges	389,279	389,279	389,279	-
Total expenditures	628,579	628,579	626,363	2,216
Excess (deficiency) of revenues over expenditures	33,057	33,057	34,478	1,421
Fund balance at beginning of year	210,315	210,315	210,315	-
Fund balance at end of year	\$ 243,372	\$ 243,372	\$ 244,793	\$ 1,421

**CITY OF CENTERVILLE
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECTS FUNDS
 DECEMBER 31, 2007**

	Recreational Projects	Capital Equipment Purchase	Special Assessment Improvements	Non-major Capital Projects Funds Totals
ASSETS				
Pooled cash and cash equivalents	\$ 27,168	\$ 90,926	\$ 1,558	\$ 119,652
Investments	-	100,769	467,735	568,504
Receivables (net):				
Interest	<u>-</u>	<u>-</u>	<u>2,223</u>	<u>2,223</u>
 Total assets	 <u>\$ 27,168</u>	 <u>\$ 191,695</u>	 <u>\$ 471,516</u>	 <u>\$ 690,379</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	<u>\$ -</u>	<u>\$ 6,256</u>	<u>\$ -</u>	<u>\$ 6,256</u>
 Total liabilities	 <u>-</u>	 <u>6,256</u>	 <u>-</u>	 <u>6,256</u>
 Fund Balances:				
Reserved for:				
Encumbrances	-	79,148	-	79,148
Unreserved	<u>27,168</u>	<u>106,291</u>	<u>471,516</u>	<u>604,975</u>
 Total fund balances	 <u>27,168</u>	 <u>185,439</u>	 <u>471,516</u>	 <u>684,123</u>
 Total liabilities and fund balances	 <u>\$ 27,168</u>	 <u>\$ 191,695</u>	 <u>\$ 471,516</u>	 <u>\$ 690,379</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, 2007**

	Recreational Projects	Capital Equipment Purchase	Special Assessment Improvements	Non-major Capital Projects Funds Totals
REVENUES:				
Investment income	\$ 5,385	\$ 13,765	\$ 27,514	\$ 46,664
Miscellaneous	<u>8,252</u>	<u>-</u>	<u>-</u>	<u>8,252</u>
Total revenues	<u>13,637</u>	<u>13,765</u>	<u>27,514</u>	<u>54,916</u>
EXPENDITURES:				
Capital outlay	<u>95,890</u>	<u>163,861</u>	<u>5,040</u>	<u>264,791</u>
Total expenditures	<u>95,890</u>	<u>163,861</u>	<u>5,040</u>	<u>264,791</u>
Excess (deficiency) of revenues over (under) expenditures	(82,253)	(150,096)	22,474	(209,875)
OTHER FINANCING USES:				
Transfers in	-	200,000	-	200,000
Sale of capital assets	<u>-</u>	<u>2,400</u>	<u>-</u>	<u>2,400</u>
Total other financing uses	<u>-</u>	<u>202,400</u>	<u>-</u>	<u>202,400</u>
Net change in fund balances	(82,253)	52,304	22,474	(7,475)
Fund balances, beginning of year	<u>109,421</u>	<u>133,135</u>	<u>449,042</u>	<u>691,598</u>
Fund balances, end of year	<u>\$ 27,168</u>	<u>\$ 185,439</u>	<u>\$ 471,516</u>	<u>\$ 684,123</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, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 2,438,940	\$ 2,438,940	\$ 1,135,974	\$ (1,302,966)
Interest earned	340,000	340,000	494,844	154,844
Miscellaneous and reimbursements	201,000	201,000	239,318	38,318
Total revenues	<u>2,979,940</u>	<u>2,979,940</u>	1,870,136	(1,109,804)
Expenditures:				
Capital outlay	13,136,146	7,136,146	5,188,542	1,947,604
Total expenditures	<u>13,136,146</u>	<u>7,136,146</u>	5,188,542	1,947,604
Excess (deficiency) of revenues over expenditures	(10,156,206)	(4,156,206)	(3,318,406)	837,800
Other financing sources (uses):				
Transfers in	1,250,000	1,250,000	1,250,000	-
Total other financing sources (uses)	<u>1,250,000</u>	<u>1,250,000</u>	1,250,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(8,906,206)	(2,906,206)	(2,068,406)	837,800
Fund balance at beginning of year	<u>9,770,011</u>	<u>9,770,011</u>	<u>9,770,011</u>	-
Fund balance at end of year	<u>\$ 863,805</u>	<u>\$ 6,863,805</u>	<u>\$ 7,701,605</u>	<u>\$ 837,800</u>

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Recreational Projects Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 5,000	\$ 5,000	\$ 2,475	\$ (2,525)
Miscellaneous	-	-	8,250	8,250
Total revenues	<u>5,000</u>	<u>5,000</u>	10,725	5,725
Expenditures:				
Capital outlay	85,508	103,000	101,371	1,629
Total expenditures	<u>85,508</u>	<u>103,000</u>	101,371	1,629
Excess (deficiency) of revenues over expenditures	(80,508)	(98,000)	(90,646)	7,354
Fund balance at beginning of year	<u>117,814</u>	<u>117,814</u>	<u>117,814</u>	-
Fund balance at end of year	<u>\$ 37,306</u>	<u>\$ 19,814</u>	<u>\$ 27,168</u>	<u>\$ 7,354</u>

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Capital Equipment Purchase Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 4,500	\$ 4,500	\$ 10,702	\$ 6,202
Total revenues	4,500	4,500	10,702	6,202
Expenditures:				
Capital outlay	339,277	339,277	244,707	94,570
Total expenditures	339,277	339,277	244,707	94,570
Excess (deficiency) of revenues over expenditures	(334,777)	(334,777)	(234,005)	100,772
Other financing sources (uses):				
Sale of capital assets	-	-	2,400	2,400
Transfers in	200,000	200,000	200,000	-
Total other financing sources (uses)	200,000	200,000	202,400	2,400
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(134,777)	(134,777)	(31,605)	103,172
Fund balance at beginning of year	137,904	137,904	137,904	-
Fund balance at end of year	<u>\$ 3,127</u>	<u>\$ 3,127</u>	<u>\$ 106,299</u>	<u>\$ 103,172</u>

City of Centerville
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Special Assessment Improvements Fund
For the Year Ended December 31, 2007

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 20,000	\$ 20,000	\$ 24,170	\$ 4,170
Total revenues	20,000	20,000	24,170	4,170
Expenditures:				
Capital outlay	-	10,000	5,040	4,960
Total expenditures	-	10,000	5,040	4,960
Excess (deficiency) of revenues over expenditures	20,000	10,000	19,130	9,130
Fund balance at beginning of year	467,232	467,232	467,232	-
Fund balance at end of year	<u>\$ 487,232</u>	<u>\$ 477,232</u>	<u>\$ 486,362</u>	<u>\$ 9,130</u>

**CITY OF CENTERVILLE
 COMBINING BALANCE SHEET
 INTERNAL SERVICE FUNDS
 DECEMBER 31, 2007**

	<u>Central Vehicle Purchase</u>	<u>Insurance Deductible</u>	<u>Internal Service Totals</u>
ASSETS			
Current assets:			
Pooled cash and cash equivalents	\$ 64,267	\$ 194,264	\$ 258,531
Investments	1,179,333	-	1,179,333
Receivables (net):			
Accounts	-	3,114	3,114
Accrued interest	<u>3,067</u>	<u>-</u>	<u>3,067</u>
Total current assets	<u>1,246,667</u>	<u>197,378</u>	<u>1,444,045</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation	<u>646,860</u>	<u>-</u>	<u>646,860</u>
Total noncurrent assets	<u>646,860</u>	<u>-</u>	<u>646,860</u>
Total assets	<u>\$ 1,893,527</u>	<u>\$ 197,378</u>	<u>\$ 2,090,905</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 86,345	\$ -	\$ 86,345
Deferred revenue	<u>1,242</u>	<u>-</u>	<u>1,242</u>
Total current liabilities	<u>87,587</u>	<u>-</u>	<u>87,587</u>
Total liabilities	<u>87,587</u>	<u>-</u>	<u>87,587</u>
NET ASSETS			
Invested in capital assets, net of related debt	646,860	-	646,860
Unrestricted	<u>1,159,080</u>	<u>197,378</u>	<u>1,356,458</u>
Total net assets	<u>1,805,940</u>	<u>197,378</u>	<u>2,003,318</u>
Total liabilities and net assets	<u>\$ 1,893,527</u>	<u>\$ 197,378</u>	<u>\$ 2,090,905</u>

**CITY OF CENTERVILLE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Central Vehicle Purchase	Insurance Deductible	Internal Service Totals
OPERATING REVENUES:			
Charges for services	\$ 276,671	\$ -	\$ 276,671
Other revenue	-	18,015	18,015
	<u>276,671</u>	<u>18,015</u>	<u>294,686</u>
Total operating revenues			
OPERATING EXPENSES:			
Purchased services	-	6,231	6,231
Supplies and materials	430	-	430
Other expenses	-	26,549	26,549
Depreciation	308,003	-	308,003
	<u>308,433</u>	<u>32,780</u>	<u>341,213</u>
Total operating expenses			
Operating income (loss)	<u>(31,762)</u>	<u>(14,765)</u>	<u>(46,527)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment income	65,652	16,024	81,676
Gain (loss) on disposal of assets	34,351	-	34,351
	<u>100,003</u>	<u>16,024</u>	<u>116,027</u>
Total nonoperating revenues (expenses)			
Income (loss)	68,241	1,259	69,500
Change in net assets	68,241	1,259	69,500
Net assets, beginning of year	<u>1,737,699</u>	<u>196,119</u>	<u>1,933,818</u>
Net assets, end of year	<u>\$ 1,805,940</u>	<u>\$ 197,378</u>	<u>\$ 2,003,318</u>

**CITY OF CENTERVILLE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Central Vehicle Purchase	Insurance Deductible	Total Internal Service
Cash flows from operating activities:			
Cash received from customers	\$ 276,671	\$ 20,135	\$ 296,806
Cash paid to suppliers of goods and services	<u>(1,820)</u>	<u>(39,376)</u>	<u>(41,196)</u>
Net cash provided (used) by operating activities	<u>274,851</u>	<u>(19,241)</u>	<u>255,610</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of property and equipment	<u>34,750</u>	<u>-</u>	<u>34,750</u>
Net cash provided (used) by capital and related financing activities	<u>34,750</u>	<u>-</u>	<u>34,750</u>
Cash flows from investing activities:			
Purchase of investments	(1,190,907)	-	(1,190,907)
Sale of investments	858,251	157,682	1,015,933
Interest received	<u>57,311</u>	<u>9,802</u>	<u>67,113</u>
Net cash provided (used) by investing activities	<u>(275,345)</u>	<u>167,484</u>	<u>(107,861)</u>
Increase (decrease) in cash and cash equivalents	34,256	148,243	182,499
Cash and cash equivalents at beginning of year	<u>30,011</u>	<u>46,021</u>	<u>76,032</u>
Cash and cash equivalents at end of year	<u>\$ 64,267</u>	<u>\$ 194,264</u>	<u>\$ 258,531</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income (loss)	<u>\$ (31,762)</u>	<u>\$ (14,765)</u>	<u>\$ (46,527)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	308,003	-	308,003
Change in operating assets and liabilities:			
(Increase) decrease in receivables	-	2,120	2,120
Increase (decrease) in liabilities	<u>(1,390)</u>	<u>(6,596)</u>	<u>(7,986)</u>
Total adjustments	<u>306,613</u>	<u>(4,476)</u>	<u>302,137</u>
Net cash provided (used) by operating income	<u>\$ 274,851</u>	<u>\$ (19,241)</u>	<u>\$ 255,610</u>
Non-cash investing, capital and financing activities:			
Capital assets purchased on account	\$ 86,345	\$ -	\$ 86,345
Change in fair value of investments	(11,574)	-	(11,574)

**CITY OF CENTERVILLE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
DECEMBER 31, 2007**

	Agency Fund Totals
ASSETS	
Pooled cash and cash equivalents	\$ 126,843
Total assets	<u>\$ 126,843</u>
LIABILITIES	
Undistributed monies	<u>\$ 126,843</u>

**CITY OF CENTERVILLE
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Balance at January 1, 2007	Additions	Deductions	Balance at December 31, 2007
<u>Agency Fund</u>				
ASSETS				
Pooled cash and cash equivalents	\$ 81,929	\$ 184,828	\$ 139,914	\$ 126,843
Total assets	<u>\$ 81,929</u>	<u>\$ 184,828</u>	<u>\$ 139,914</u>	<u>\$ 126,843</u>
LIABILITIES				
Undistributed monies	<u>\$ 81,929</u>	<u>\$ 126,843</u>	<u>\$ 81,929</u>	<u>\$ 126,843</u>

Statistical Section



CITY OF CENTERVILLE, OHIO

Statistical Section December 31, 2007

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

Contents

Page

Financial Trends (Schedules 1 - 4)

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

78 - 85

Revenue Capacity (Schedules 5 - 6)

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

86 - 87

Debt Capacity (Schedules 7 - 8)

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

88 - 90

Demographic and Economic Information (Schedules 9-10)

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

91 - 92

Operating Information (Schedules 11-13)

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

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year. The City first prepared a Comprehensive Financial Report in 2000; schedules presenting fund balance information include include information beginning in that year.

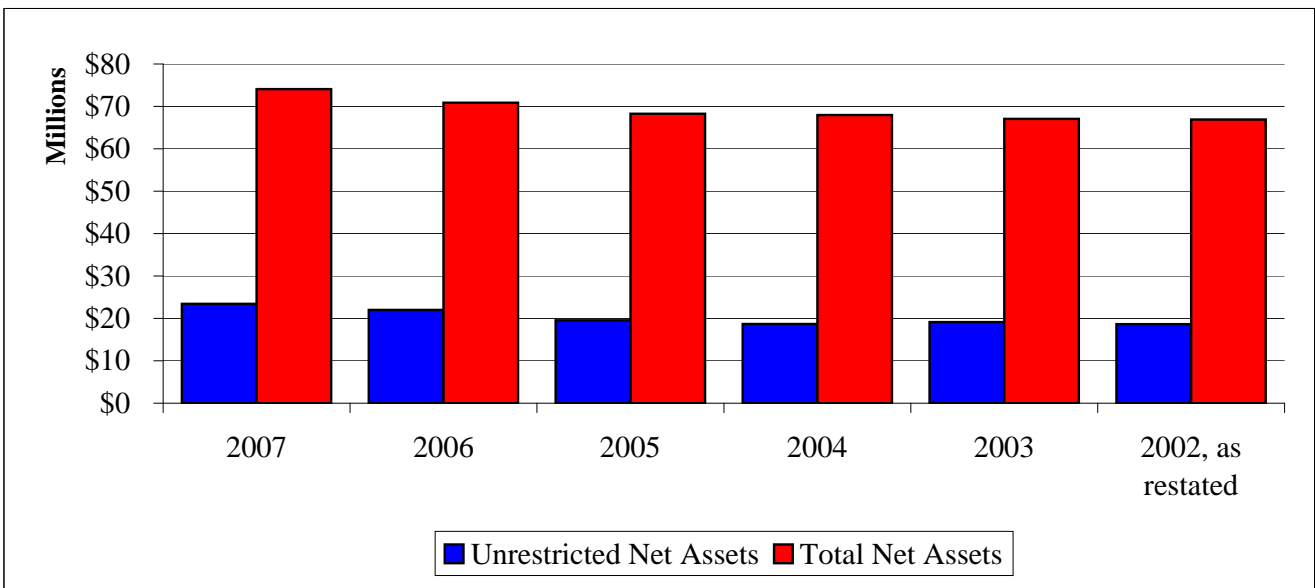
CITY OF CENTERVILLE, OHIO

Net Assets by Component

Last Six Years (*accrual basis of accounting*)

	December 31,		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental activities:			
Invested in capital assets, net of related debt	\$ 17,894,980	\$ 15,524,569	\$ 14,775,382
Restricted for:			
Debt service	13,093,661	13,690,958	14,306,322
Other purposes	947,245	766,613	603,476
Unrestricted	<u>22,839,677</u>	<u>21,559,415</u>	<u>19,211,760</u>
Total governmental activities net assets	<u>54,775,563</u>	<u>51,541,555</u>	<u>48,896,940</u>
Business-type activities:			
Invested in capital assets, net of related debt	18,703,791	18,882,237	19,032,210
Unrestricted	<u>604,615</u>	<u>439,425</u>	<u>342,297</u>
Total business-type activities net assets	<u>19,308,406</u>	<u>19,321,662</u>	<u>19,374,507</u>
Total			
Invested in capital assets, net of related debt	36,598,771	34,406,806	33,807,592
Restricted for:			
Debt service	13,093,661	13,690,958	14,306,322
Other purposes	947,245	766,613	603,476
Unrestricted	<u>23,444,292</u>	<u>21,998,840</u>	<u>19,554,057</u>
Total net assets	<u>\$ 74,083,969</u>	<u>\$ 70,863,217</u>	<u>\$ 68,271,447</u>

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



Schedule 1

<u>2004</u>	<u>2003</u>	<u>2002, as restated</u>
\$ 14,431,202	\$ 12,654,880	\$ 12,070,026
14,916,292	15,546,088	16,151,025
751,436	574,908	585,801
<u>18,224,011</u>	<u>18,481,736</u>	<u>17,907,057</u>
<u>48,322,941</u>	<u>47,257,612</u>	<u>46,713,909</u>
19,182,647	19,150,434	19,450,350
<u>440,828</u>	<u>656,116</u>	<u>745,395</u>
<u>19,623,475</u>	<u>19,806,550</u>	<u>20,195,745</u>
33,613,849	31,805,314	31,520,376
14,916,292	15,546,088	16,151,025
751,436	574,908	585,801
<u>18,664,839</u>	<u>19,137,852</u>	<u>18,652,452</u>
<u>\$ 67,946,416</u>	<u>\$ 67,064,162</u>	<u>\$ 66,909,654</u>

CITY OF CENTERVILLE, OHIO

Schedule 2

Changes in Net Assets

Last Six Years (*accrual basis of accounting*)

	Year Ended December 31,					
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002,</u> <u>as restated</u>
Expenses						
Governmental activities:						
General government	\$ 5,654,478	\$ 4,654,614	\$ 4,874,691	\$ 4,280,576	\$ 5,233,702	\$ 5,711,155
Public safety	5,929,666	5,760,988	5,478,545	5,296,904	5,067,412	6,501,600
Community environment	269,732	258,913	236,856	225,372	226,539	230,450
Recreation	340,320	460,627	374,091	371,276	337,779	304,430
Transportation	3,564,160	3,515,160	3,331,467	3,158,165	3,132,375	2,904,500
Cost of lots	-	-	-	-	-	171,111
Interest on long-term debt	<u>1,180,046</u>	<u>1,207,117</u>	<u>1,233,977</u>	<u>1,260,351</u>	<u>1,058,305</u>	<u>1,427,377</u>
Total governmental activities expenses	<u>16,938,402</u>	<u>15,857,419</u>	<u>15,529,627</u>	<u>14,592,644</u>	<u>15,056,112</u>	<u>17,250,623</u>
Business-type activities:						
Waste collection	1,231,440	1,205,575	1,301,490	1,242,631	1,232,981	1,127,309
Golf course operations	4,036,938	4,030,721	3,772,661	3,957,023	3,924,753	3,765,614
Yankee Trace equipment purchase	<u>134,794</u>	<u>150,057</u>	<u>127,381</u>	<u>162,761</u>	<u>126,307</u>	<u>113,205</u>
Total business-type activities expenses	<u>5,403,172</u>	<u>5,386,353</u>	<u>5,201,532</u>	<u>5,362,415</u>	<u>5,284,041</u>	<u>5,006,128</u>
Total expenses	<u>\$ 22,341,574</u>	<u>\$ 21,243,772</u>	<u>\$ 20,731,159</u>	<u>\$ 19,955,059</u>	<u>\$ 20,340,153</u>	<u>\$ 22,256,751</u>
Program revenues						
Governmental activities:						
General government	\$ 2,563,768	\$ 1,616,115	\$ 1,269,645	\$ 1,085,680	\$ 1,049,807	\$ 2,783,330
Public safety	220,194	284,350	257,037	243,912	208,623	328,366
Community environment	100	-	100	200,857	100,120	27,710
Recreation	154,566	215,775	165,080	183,670	122,699	183,936
Transportation	<u>1,324,464</u>	<u>1,151,774</u>	<u>1,225,852</u>	<u>1,145,370</u>	<u>1,076,721</u>	<u>982,373</u>
Total governmental activities program revenues	<u>4,263,092</u>	<u>3,268,014</u>	<u>2,917,714</u>	<u>2,859,489</u>	<u>2,557,970</u>	<u>4,305,715</u>
Business-type activities:						
Waste collection	1,335,906	1,327,914	1,115,830	1,098,132	1,083,707	1,064,883
Golf course operations	3,805,475	3,423,346	3,285,079	3,476,082	3,500,997	3,392,328
Yankee Trace equipment purchase	<u>101,637</u>	<u>129,460</u>	<u>129,370</u>	<u>120,200</u>	<u>119,600</u>	<u>94,740</u>
Total business-type activities program revenues	<u>5,243,018</u>	<u>4,880,720</u>	<u>4,530,279</u>	<u>4,694,414</u>	<u>4,704,304</u>	<u>4,551,951</u>
Total program revenues	<u>\$ 9,506,110</u>	<u>\$ 8,148,734</u>	<u>\$ 7,447,993</u>	<u>\$ 7,553,903</u>	<u>\$ 7,262,274</u>	<u>\$ 8,857,666</u>

CITY OF CENTERVILLE, OHIO

Changes in Net Assets
Last Six Years

Schedule 2
(continued)

	Year Ended December 31,					
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002,</u> <u>as restated</u>
Net (Expense) Revenue						
Governmental activities:						
General government	\$ (3,090,710)	\$ (3,038,499)	\$ (3,605,046)	\$ (3,194,896)	\$ (4,183,895)	\$ (2,927,825)
Public safety	(5,709,472)	(5,476,638)	(5,221,508)	(5,052,992)	(4,858,789)	(6,173,234)
Community environment	(269,632)	(258,913)	(236,756)	(24,515)	(126,419)	(202,740)
Recreation	(185,754)	(244,852)	(209,011)	(187,606)	(215,080)	(120,494)
Transportation	(2,239,696)	(2,363,386)	(2,105,615)	(2,012,795)	(2,055,654)	(1,922,127)
Cost of lots	-	-	-	-	-	(171,111)
Interest on long-term debt	(1,180,046)	(1,207,117)	(1,233,977)	(1,260,351)	(1,058,305)	(1,427,377)
Total governmental activities	<u>(12,675,310)</u>	<u>(12,589,405)</u>	<u>(12,611,913)</u>	<u>(11,733,155)</u>	<u>(12,498,142)</u>	<u>(12,944,908)</u>
Business-type activities:						
Waste collection	104,466	122,339	(185,660)	(144,499)	(149,274)	(62,426)
Golf course operations	(231,463)	(607,375)	(487,582)	(480,941)	(423,756)	(373,286)
Yankee Trace equipment purchase	(33,157)	(20,597)	1,989	(42,561)	(6,707)	(18,465)
Total business-type activities	<u>(160,154)</u>	<u>(505,633)</u>	<u>(671,253)</u>	<u>(668,001)</u>	<u>(579,737)</u>	<u>(454,177)</u>
Total	<u>\$ (12,835,464)</u>	<u>\$ (13,095,038)</u>	<u>\$ (13,283,166)</u>	<u>\$ (12,401,156)</u>	<u>\$ (13,077,879)</u>	<u>\$ (13,399,085)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes:						
Income taxes	10,631,431	10,173,958	10,166,320	9,590,830	9,236,374	8,879,241
Property taxes	1,425,970	1,412,800	1,219,582	1,135,886	1,284,929	1,091,953
Estate taxes	1,372,484	1,361,063	843,903	983,949	963,872	1,268,383
Grants and contributions not restricted to a specific program	970,556	900,997	875,005	870,889	943,425	843,798
Investment earnings	1,317,758	950,724	367,854	546,099	131,640	717,046
Gain on sale/disposal of capital assets	2,400	65,752	84,359	58,970	600,529	865,775
Miscellaneous	288,719	41,404	38,889	11,861	116,076	120,539
Special item: insurance settlement	-	777,322	-	-	-	-
Transfers	(100,000)	(450,000)	(410,000)	(400,000)	(235,000)	(183,000)
Total governmental activities	15,909,318	15,234,020	13,185,912	12,798,484	13,041,845	13,603,735
Business-type activities:						
Grants and contributions not restricted to a specific program	-	-	-	63,126	-	-
Investment earnings	46,898	20,703	8,961	21,800	4,088	38,766
Gain on sale/disposal of capital assets	-	(17,915)	3,324	-	(48,546)	52,177
Transfers	100,000	450,000	410,000	400,000	235,000	183,000
Total business-type activities	146,898	452,788	422,285	484,926	190,542	273,943
Total	<u>\$ 16,056,216</u>	<u>\$ 15,686,808</u>	<u>\$ 13,608,197</u>	<u>\$ 13,283,410</u>	<u>\$ 13,232,387</u>	<u>\$ 13,877,678</u>
Changes in Net Assets						
Governmental activities	3,234,008	2,644,615	573,999	1,065,329	543,703	658,827
Business-type activities	(13,256)	(52,845)	(248,968)	(183,075)	(389,195)	(180,234)
Total	<u>\$ 3,220,752</u>	<u>\$ 2,591,770</u>	<u>\$ 325,031</u>	<u>\$ 882,254</u>	<u>\$ 154,508</u>	<u>\$ 478,593</u>

CITY OF CENTERVILLE, OHIO

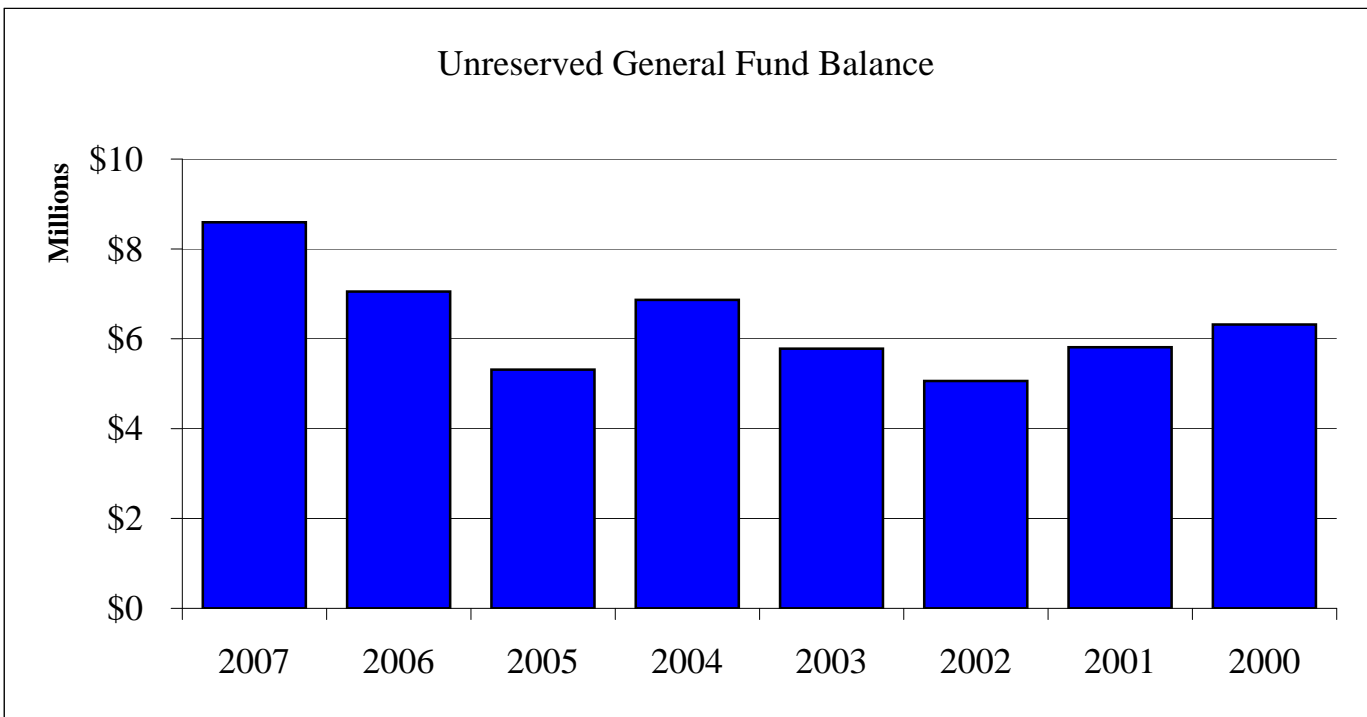
Fund Balances, Governmental Funds

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

	December 31,			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund				
Reserved for:				
Inventory	\$ 2,533	\$ -	\$ -	\$ -
Prepaid items	88,062	84,715	78,761	110,501
Land held for investments	-	-	-	-
Encumbrances	114,705	67,267	176,976	-
Unreserved	<u>8,594,722</u>	<u>7,051,787</u>	<u>5,312,952</u>	<u>6,864,596</u>
 Total general fund	 <u>\$ 8,800,022</u>	 <u>\$ 7,203,769</u>	 <u>\$ 5,568,689</u>	 <u>\$ 6,975,097</u>

All Other Governmental Funds

Reserved for:				
Debt service	\$ 2,423,733	\$ 2,685,894	\$ 2,940,581	\$ 3,353,264
Inventory	86,853	81,972	44,028	35,120
Prepaid items	15,498	16,091	15,133	12,619
Encumbrances	1,298,441	1,307,557	741,090	383,776
Unreserved, reported in:				
Designated for capital projects	6,000,000	6,000,000	5,000,000	4,000,000
Special revenue funds	1,014,034	848,605	694,918	902,768
Capital projects funds	<u>2,287,572</u>	<u>2,799,194</u>	<u>3,055,995</u>	<u>1,749,357</u>
 Total all other governmental funds	 <u>\$ 13,126,131</u>	 <u>\$ 13,739,313</u>	 <u>\$ 12,491,745</u>	 <u>\$ 10,436,904</u>



Schedule 3

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ -	\$ -	\$ -	\$ -
173,289	156,872	89,766	95,201
-	-	171,111	636,461
75,524	232,050	119,715	106,811
<u>5,780,314</u>	<u>5,059,946</u>	<u>5,812,789</u>	<u>6,317,850</u>
<u>\$ 6,029,127</u>	<u>\$ 5,448,868</u>	<u>\$ 6,193,381</u>	<u>\$ 7,156,323</u>

\$ 3,811,660	\$ 3,026,656	\$ 2,639,475	\$ 2,180,128
56,438	58,572	57,528	43,330
23,497	22,437	23,599	15,709
1,410,046	1,412,821	1,285,332	5,237,379
3,000,000	2,000,000	1,000,000	-
686,461	838,277	609,854	894,316
<u>2,489,212</u>	<u>4,496,294</u>	<u>4,223,035</u>	<u>1,355,479</u>
<u>\$ 11,477,314</u>	<u>\$ 11,855,057</u>	<u>\$ 9,838,823</u>	<u>\$ 9,726,341</u>

CITY OF CENTERVILLE, OHIO

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

	Year Ended December 31,			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues:				
Local taxes	\$ 11,805,299	\$ 11,672,492	\$ 11,281,802	\$ 11,898,470
Intergovernmental revenue	5,261,646	4,069,897	3,230,729	2,329,184
Special assessments	626,432	631,384	650,196	637,844
Charges for services	52,126	45,898	42,539	36,621
Fines, licenses and permits	283,277	321,698	263,954	323,679
Investment income	1,292,551	922,811	368,414	520,173
Lot sales	-	25,752	84,359	52,963
Rent	819,395	819,045	829,570	824,160
Miscellaneous receipts and reimbursements	523,943	347,199	256,104	243,138
Total revenues	<u>20,664,669</u>	<u>18,856,176</u>	<u>17,007,667</u>	<u>16,866,232</u>
Expenditures:				
Current:				
General government	4,746,269	4,525,068	4,622,845	4,174,281
Public safety	5,714,067	5,570,795	5,196,048	5,119,241
Community environment	268,817	251,189	222,122	223,763
Recreation	283,056	418,667	323,295	473,920
Transportation	1,913,893	1,782,635	1,663,746	1,590,739
Cost of lots	-	-	-	-
Capital outlay	4,547,690	1,667,499	2,243,254	2,820,757
Debt service:				
Principal	976,706	964,507	970,653	944,382
Interest and other charges	1,133,500	1,160,490	1,187,271	1,213,589
Total expenditures	<u>19,583,998</u>	<u>16,340,850</u>	<u>16,429,234</u>	<u>16,560,672</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,080,671</u>	<u>2,515,326</u>	<u>578,433</u>	<u>305,560</u>
Other Financing Sources (Uses):				
Transfers in	2,625,000	2,525,000	4,500,000	2,350,000
Proceeds from issuance of bonds	-	-	-	-
Sale of capital assets	2,400	40,000	480,000	-
Transfers out	(2,725,000)	(2,975,000)	(4,910,000)	(2,750,000)
Total other financing sources (uses)	<u>(97,600)</u>	<u>(410,000)</u>	<u>70,000</u>	<u>(400,000)</u>
Special Item:				
Insurance settlement	-	777,322	-	-
Net change in fund balances	<u>\$ 983,071</u>	<u>\$ 2,882,648</u>	<u>\$ 648,433</u>	<u>\$ (94,440)</u>
Debt service as a percentage of noncapital expenditures	16.33%	16.93%	17.94%	18.63%

Schedule 4

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 11,625,368	\$ 11,408,207	\$ 11,287,865	\$ 11,275,083
1,940,402	2,560,085	2,441,947	1,946,156
667,587	657,154	611,861	531,738
26,269	44,870	30,925	37,131
310,452	288,950	320,574	323,793
94,140	717,045	562,189	992,481
646,128	865,775	1,091,792	1,519,020
728,240	592,902	592,100	590,700
314,790	325,012	446,001	188,252
<u>16,353,376</u>	<u>17,460,000</u>	<u>17,385,254</u>	<u>17,404,354</u>
4,675,143	4,261,860	4,196,468	3,739,545
4,916,423	4,736,661	4,288,344	3,935,400
229,265	228,481	222,035	203,051
339,476	353,670	360,426	347,284
1,584,698	1,458,064	1,346,245	1,356,198
-	171,111	465,350	760,450
2,953,958	3,427,992	9,791,204	5,103,291
349,293	588,464	522,787	1,665,399
<u>1,073,865</u>	<u>1,428,976</u>	<u>1,241,855</u>	<u>1,356,429</u>
16,122,121	16,655,279	22,434,714	18,467,047
<u>231,255</u>	<u>804,721</u>	<u>(5,049,460)</u>	<u>(1,062,693)</u>
2,600,000	5,374,093	5,619,155	4,555,536
206,261	650,000	4,405,000	1,136,500
-	-	-	-
<u>(2,835,000)</u>	<u>(5,557,093)</u>	<u>(5,825,155)</u>	<u>(4,555,536)</u>
<u>(28,739)</u>	<u>467,000</u>	<u>4,199,000</u>	<u>1,136,500</u>
-	-	-	-
<u>\$ 202,516</u>	<u>\$ 1,271,721</u>	<u>\$ (850,460)</u>	<u>\$ 73,807</u>
12.12%	18.28%	16.95%	31.54%

CITY OF CENTERVILLE, OHIO

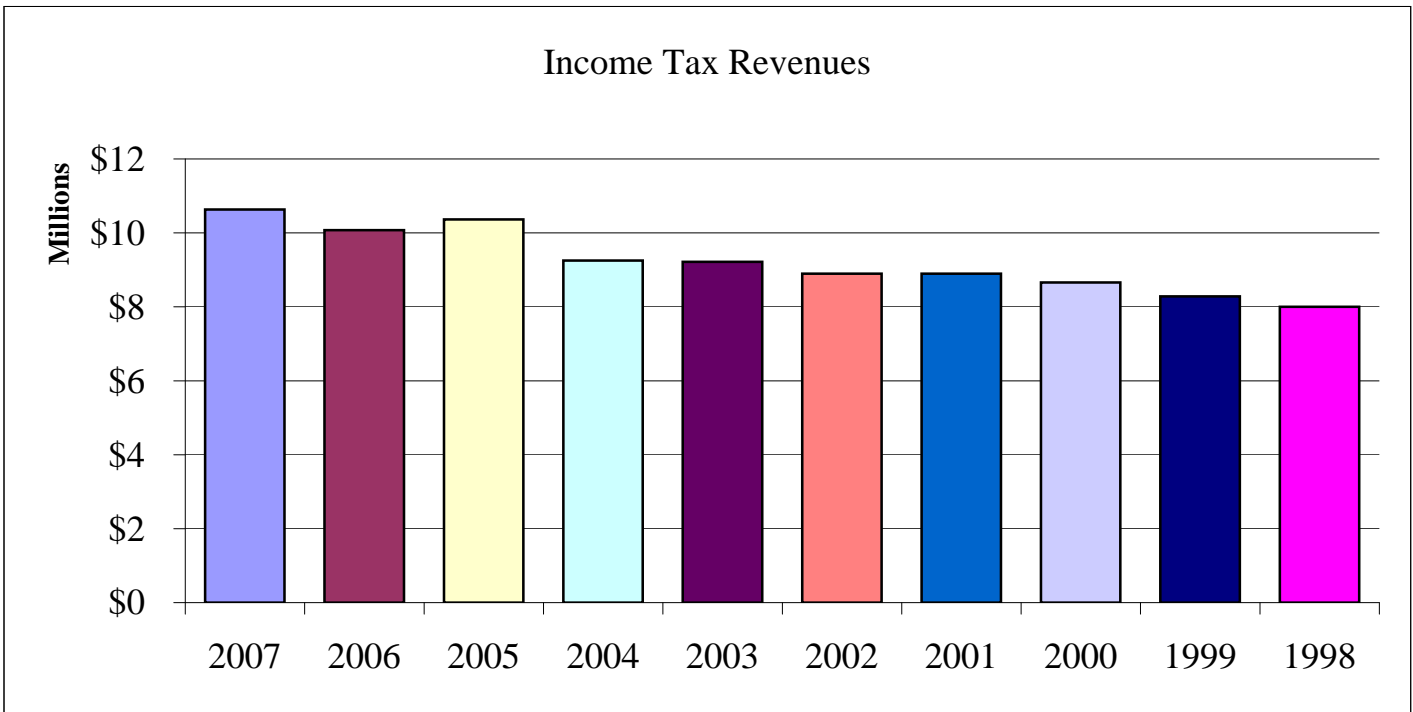
Schedule 5

Income Tax by Payer Type and Income Tax Rate
 Last Ten Years (cash basis of accounting - excluding refunds)

Collection Year	Individual		Net Profits	Total	Income Tax Rate
	Withheld by Employer	Non-Withholding			
2007	\$ 7,463,667	\$ 1,969,654	\$ 1,197,889	\$ 10,631,210	1.75%
2006	6,835,183	2,012,139	1,226,857	10,074,179	1.75%
2005	6,943,943	2,195,418	1,226,959	10,366,320	1.75%
2004	6,514,163	1,871,115	865,552	9,250,830	1.75%
2003	6,540,595	1,890,745	785,037	9,216,377	1.75%
2002	6,269,119	1,811,472	818,649	8,899,240	1.75%
2001	6,410,823	1,782,484	702,248	8,895,555	1.75%
2000	6,172,226	1,726,655	759,089	8,657,970	1.75%
1999	5,637,976	1,759,665	885,168	8,282,809	1.75%
1998	5,412,274	1,651,457	936,385	8,000,116	1.75%

Source: City of Centerville, Ohio Finance Department

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



CITY OF CENTERVILLE, OHIO

Schedule 6

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

2007		2000		
Rank	Name	Rank	Rank	Name
1	Centerville Board of Education	1	1	Centerville Board of Education
2	Federal Government	2	2	Federal Government
3	Graceworks Lutheran Services ⁽¹⁾	-	3	United Healthcare Services, Inc.
4	Reed Elsevier, Inc.	3	4	Lutheran Social Services
5	City of Centerville	4	5	Reed Elsevier, Inc.
6	Franciscan at St. Leonard	7	6	Voss Auto Network, Inc.
7	Voss Auto Network, Inc.	10	7	Bob Ross Buick, Inc.
8	National City Corporation	5	8	City of Centerville
9	The Kroger Company	-	9	Ikon Office Solutions, Inc.
10	Bob Ross Buick, Inc.	6	10	Franciscan at St. Leonard
Combined percentage of total income taxes:		Combined percentage of total income taxes:		
22.87%		22.92%		

Source: City of Centerville, Ohio Finance Department

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

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

CITY OF CENTERVILLE, OHIO

Ratios of Outstanding Debt and Legal Debt Margins

Last Ten Years

	2007	2006	2005
General Obligation Bonds	\$ 16,145,000	\$ 16,910,000	\$ 17,665,000
Special Assessment Bonds	\$ 6,981,000	\$ 7,187,000	\$ 7,391,000
Total Outstanding Bonds	\$ 23,126,000	\$ 24,097,000	\$ 25,056,000
Percent of personal income	3.31%	3.46%	3.58%
Per capita	\$1,001	\$1,046	\$1,082
<hr/>			
Assessed value of taxable property (1)	\$ 646,331,552	\$ 640,660,845	\$ 594,051,037
General Obligation Bonds as a percentage of total assessed value of taxable property	2.50%	2.64%	2.97%
Population (2)	23,100	23,046	23,162
General Obligation Bonds per capita	\$699	\$734	\$763
<hr/>			
Total Outstanding Bonds	\$ 23,126,000	\$ 24,097,000	\$ 25,056,000
Less debt not subject to limitation:			
Bonds issued in anticipation of the collection of special assessments	\$ (6,981,000)	\$ (7,187,000)	\$ (7,391,000)
Bonds issued in anticipation of the collection of municipal income tax	<u>\$ (16,145,000)</u>	<u>\$ (16,910,000)</u>	<u>\$ (17,665,000)</u>
Net debt subject to 10-1/2% limitation (3)	\$0	\$0	\$0
Voted and Unvoted Debt Limit - 10-1/2% of assessed value	\$ 67,864,813	\$ 67,269,389	\$ 62,375,359
Legal Debt Margin within 10-1/2% limitation	<u>\$ 67,864,813</u>	<u>\$ 67,269,389</u>	<u>\$ 62,375,359</u>
Net debt subject to 5-1/2% limitation (4)	\$0	\$0	\$0
Unvoted Debt Limit - 5-1/2% of assessed value	\$ 35,548,235	\$ 35,236,346	\$ 32,672,807
Legal Debt Margin within 5-1/2% limitation	<u>\$ 35,548,235</u>	<u>\$ 35,236,346</u>	<u>\$ 32,672,807</u>

(1) Source: Montgomery County, Ohio Auditor

(2) Source: U.S. Census Bureau

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

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

2004	2003	2002	2001	2000	1999	1998
\$ 18,405,000	\$ 19,125,000	\$ 17,970,000	\$ 18,365,000	\$ 15,450,000	\$ 15,795,000	\$ 16,135,000
\$ 7,586,000	\$ 7,776,000	\$ 7,951,000	\$ 7,460,000	\$ 6,601,000	\$ 5,605,000	\$ 4,126,000
\$ 25,991,000	\$ 26,901,000	\$ 25,921,000	\$ 25,825,000	\$ 22,051,000	\$ 21,400,000	\$ 20,261,000
3.72%	3.86%	3.72%	3.71%	3.17%	3.36%	3.18%
\$1,124	\$1,165	\$1,125	\$1,122	\$958	\$1,015	\$961
<hr/>						
\$572,029,090	\$560,038,783	\$501,634,521	\$494,333,152	\$486,885,446	\$460,641,652	\$441,099,061
3.22%	3.41%	3.58%	3.72%	3.17%	3.43%	3.66%
23,122	23,092	23,045	23,025	23,024	21,082	21,082
\$796	\$828	\$780	\$798	\$671	\$749	\$765
<hr/>						
\$ 25,991,000	\$ 26,901,000	\$ 25,921,000	\$ 25,825,000	\$ 22,051,000	\$ 21,400,000	\$ 20,261,000
\$ (7,586,000)	\$ (7,776,000)	\$ (7,951,000)	\$ (7,460,000)	\$ (6,601,000)	\$ (5,605,000)	\$ (4,126,000)
<u>\$ (18,405,000)</u>	<u>\$ (19,125,000)</u>	<u>\$ (17,970,000)</u>	<u>\$ (18,365,000)</u>	<u>\$ (15,450,000)</u>	<u>\$ (15,795,000)</u>	<u>\$ (16,135,000)</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$ 60,063,054	\$ 58,804,072	\$ 52,671,625	\$ 51,904,981	\$ 51,122,972	\$ 48,367,373	\$ 46,315,401
<u>\$ 60,063,054</u>	<u>\$ 58,804,072</u>	<u>\$ 52,671,625</u>	<u>\$ 51,904,981</u>	<u>\$ 51,122,972</u>	<u>\$ 48,367,373</u>	<u>\$ 46,315,401</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$ 31,461,600	\$ 30,802,133	\$ 27,589,899	\$ 27,188,323	\$ 26,778,700	\$ 25,335,291	\$ 24,260,448
<u>\$ 31,461,600</u>	<u>\$ 30,802,133</u>	<u>\$ 27,589,899</u>	<u>\$ 27,188,323</u>	<u>\$ 26,778,700</u>	<u>\$ 25,335,291</u>	<u>\$ 24,260,448</u>

CITY OF CENTERVILLE, OHIO
 Computation of Direct and Overlapping
 General Obligation Debt
 December 31, 2007

Schedule 8

Jurisdiction	Net Debt Outstanding	Percentage Applicable To City	Amount Applicable To City of Centerville
Direct:			
City of Centerville	\$ 16,145,000	100.00%	\$ 16,145,000
Overlapping:			
Centerville City School District	70,970,000	38.42%	27,266,674
Washington Township Park District	1,605,000	38.47%	617,444
Montgomery County	13,667,888	6.03%	824,174
Miami Valley Regional Transit Authority	5,610,000	6.03%	<u>338,283</u>
		Subtotal - Overlapping	29,046,575
Total Direct and Overlapping Debt			<u><u>\$ 45,191,575</u></u>

Source: Ohio Municipal Advisory Council

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

Schedule 9

Year	Population (1)(a)	Per Capita Income (1)(b)	Personal Income	School Enrollment (2)	Unemployment Rate Montgomery County (3)	Total Assessed Property Value (4)
2007	23,100	\$ 30,210	\$ 697,851,000	8,336	6.20%	\$ 646,331,552
2006	23,046	\$ 30,210	\$ 696,219,660	8,197	5.60%	\$ 640,660,845
2005	23,162	\$ 30,210	\$ 699,724,020	8,170	5.60%	\$ 594,051,037
2004	23,122	\$ 30,210	\$ 698,515,620	8,156	6.30%	\$ 572,029,090
2003	23,092	\$ 30,210	\$ 697,609,320	8,055	5.70%	\$ 560,038,783
2002	23,045	\$ 30,210	\$ 696,189,450	7,821	5.70%	\$ 501,634,521
2001	23,025	\$ 30,210	\$ 695,585,250	7,419	5.20%	\$ 494,333,152
2000	23,024	\$ 30,210	\$ 695,555,040	7,446	3.40%	\$ 486,885,446
1999	21,082	\$ 30,210	\$ 636,887,220	7,371	3.40%	\$ 460,641,652
1998	21,082	\$ 30,210	\$ 636,887,220	7,295	3.40%	\$ 441,099,061

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

CITY OF CENTERVILLE, OHIO

Schedule 10

Principal Employers
Current Year and Five Years Ago

Employer	2007		2002	
	Approximate Number of Employees	Rank	Approximate Number of Employees	Rank
Centerville Board of Education	1,270	1	750	1
Graceworks Lutheran Services ⁽¹⁾	620	2	539	2
Franciscan at St. Leonard	365	3	349	3
City of Centerville	250	4	261	4
Kroger	230	5	215	5
Heartland Employment ⁽²⁾	-	-	200	6
Voss Auto Network ⁽³⁾	195	6	180	7
RETS Tech Center	171	7	-	-
Bob Ross Buick	140	8	136	9
Dimco Gray	85	9	145	8
Elder Beerman Department Stores	-	-	130	10

Source: City of Centerville

Note: The listing of principal employers from nine years ago is not available. Total number of employees within the City of Centerville is not available.

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

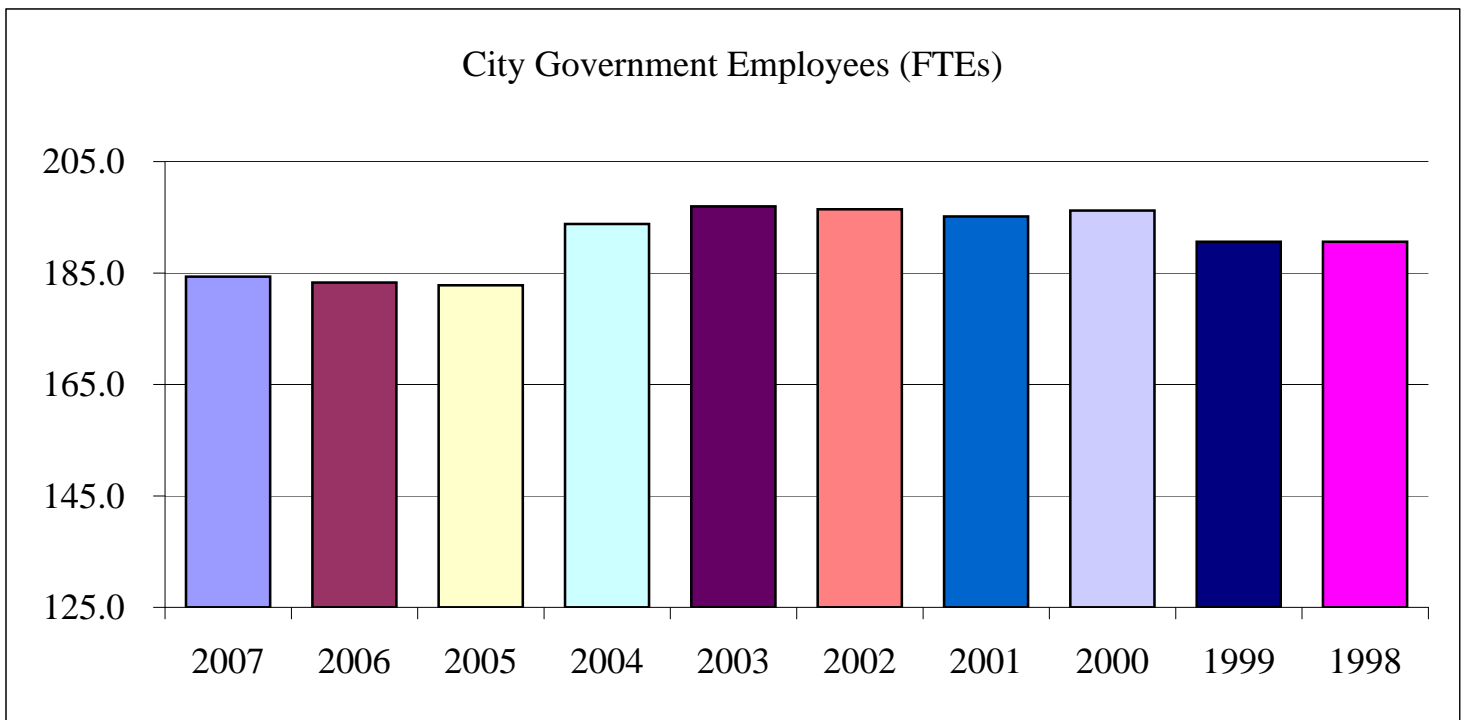
⁽²⁾ Heartland Employment left the City in 2005.

CITY OF CENTERVILLE, OHIO

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

<u>Function</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
General government	30.55	30.75	31.55	30.55	30.45	29.80	29.35	31.70	31.60	34.10
Public safety	57.60	56.60	56.00	56.25	56.25	55.75	54.50	54.50	52.00	48.00
Community environment	3.60	3.60	3.75	3.75	3.75	4.00	4.00	4.00	4.00	4.00
Recreation	3.50	3.25	3.00	4.00	4.00	3.90	3.80	3.50	3.50	3.50
Transportation	21.00	21.00	21.00	21.75	25.00	25.00	25.00	25.00	23.00	23.00
Waste collection	12.00	12.00	12.00	13.00	13.00	13.00	13.00	12.00	12.00	12.00
Golf course operations	<u>56.10</u>	<u>56.10</u>	<u>55.50</u>	<u>64.50</u>	<u>64.50</u>	<u>65.00</u>	<u>65.50</u>	<u>65.50</u>	<u>64.50</u>	<u>66.00</u>
Total	<u>184.35</u>	<u>183.30</u>	<u>182.80</u>	<u>193.80</u>	<u>196.95</u>	<u>196.45</u>	<u>195.15</u>	<u>196.20</u>	<u>190.60</u>	<u>190.60</u>

Source: City of Centerville, Ohio Finance Department



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

<u>Function/program</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General Government							
Purchase orders issued	2,400	2,388	2,357	2,499	2,462	2,214	1,114
Payroll checks/direct deposits issued	6,175	6,147	6,030	6,285	6,457	6,120	6,086
Accounts payable checks issued	6,475	6,511	6,731	6,183	6,349	6,786	7,020
Ordinances and resolutions passed	102	102	92	80	101	84	140
Number of volunteer hours	11,100	11,137	11,428	11,664	10,354	10,871	10,512
Public Safety							
Total arrests	1,570	1,666	1,569	1,646	1,390	1,508	1,275
Traffic citations ⁽¹⁾	3,654	3,127	3,560	4,037	3,121	9,347	8,200
Public Works							
Miles of street	107	107	105	105	104	101	98
Tons of road salt used	1,650	354	1,849	1,775	3,179	1,269	583
Building Inspection							
Building permits issued	1,290	1,323	1,453	1,941	2,128	1,844	1,863
Electrical permits issued	234	265	266	376	406	346	403
Residential unit permits issued	43	39	71	122	146	97	103
Waste Collection							
Tons collected	7,000	7,428	7,197	7,317	7,406	6,978	6,941
Recyclable tons, including cardboard	850	890	885	851	887	795	809
Newspaper tons	792	728	716	697	706	687	630
Golf Course Operations							
Rounds of golf	53,896	49,435	45,613	46,863	43,627	36,719	35,470
Rounds of golf - cart usage	39,883	36,180	29,462	28,043	24,323	23,409	22,262
Gallons of water used (thousands)	48,500	41,650	26,630	24,570	25,280	28,175	30,125
Food Service Operations							
Wedding receptions hosted	40	36	42	36	37	41	34
Other banquet functions hosted	549	519	539	483	544	535	514

Source: City of Centerville, Ohio, Appropriation Budgets for applicable years. Actual statistics for 1998-2006.
 Estimated statistics for 2007.

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

Schedule 12

<u>2000</u>	<u>1999</u>	<u>1998</u>
871	610	492
6,212	6,639	6,183
6,991	7,050	6,920
98	106	99
9,285	7,315	7,295
1,473	1,228	1,364
7,629	4,653	4,999
96	96	94
2,700	1,494	666
1,743	1,553	1,880
351	301	360
98	77	99
6,565	6,640	7,011
766	530	336
601	550	548
33,161	39,056	37,490
21,713	28,200	26,541
33,250	36,150	36,050
46	49	43
530	503	503

CITY OF CENTERVILLE, OHIO

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

<u>Function/program</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
General Government							
Municipal Buildings	1	1	1	1	1	1	1
Square Footage	17,123	17,123	17,123	17,123	17,123	17,123	17,123
Public Safety							
Police Stations	1	1	1	1	1	1	1
Square Footage	38,458	38,458	38,458	38,458	38,458	38,458	38,458
Public Works							
Public Works Facility	1	1	1	1	1	1	1
Square Footage	17,541	17,541	17,541	17,541	17,541	17,541	17,541
Miles of street	107	107	105	105	104	101	98
Lane miles of street	240	240	238	238	236	227	223
Recreation							
Number of parks	1	1	1	1	1	1	1
Area of parks (acres)	62.386	62.386	62.386	62.386	62.386	62.386	62.386
Benham's Grove (acres)	7.017	7.017	7.017	7.017	7.017	7.017	7.017
Golf Course Operations							
Holes	27	27	27	27	27	27	21
Club House (square footage)	29,517	29,517	29,517	29,517	29,517	29,517	29,517

Source: City of Centerville, Ohio Finance Department

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

(b) Not available prior to 2001.

Schedule 13

<u>2000</u>	<u>1999</u>	<u>1998</u>
1 17,123	1 17,123	1 17,123
(a)	(a)	(a)
1 17,541 96	1 17,541 96	1 17,541 94
(b)	(b)	(b)
1 62.386 7.017	1 62.386 7.017	1 62.386 7.017
21 29,517	21 29,517	21 29,517





Mary Taylor, CPA
Auditor of State

CITY OF CENTERVILLE

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 5, 2008**