

CITY OF CENTERVILLE

Single Audit Reports

December 31, 2010



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Centerville, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2010 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

June 8, 2011

**CITY OF CENTERVILLE, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Federal Grantor/Pass - Through Grantor, Program Title	Pass Through Entity Number	CFDA	Disbursements
<u>United States Department of Transportation</u>			
Passed Through Ohio Department of Transportation:			
Highway Planning & Construction - ARRA	PID 86172	20.205	\$589,365
New Freedom Program - Direct Award	N/A	20.521	<u>31,744</u>
 TOTALS			 <u><u>\$621,109</u></u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 27, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses as Finding 2010 - 1.

Compliance and Other Matters

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

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
May 27, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the City of Centerville's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2010. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the City as of and for the year ended December 31, 2010, and have issued our report thereon dated May 27, 2011, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
May 27, 2011

**CITY OF CENTERVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010**

Section I – Summary of Auditor’s Results

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(ii)</i>	<i>Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any material reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other significant control deficiencies reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under Section .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	CFDA #20.205 Highway Planning and Construction - ARRA
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

Section II – Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

2010-1 – Audit Adjustments:

During the course of our audit, we identified a misstatement in the financial statements for the year under audit that was not identified by the City's internal control. Throughout the year, the City maintains its books and records on a cash basis of accounting and converts its financial statements at year end to generally accepted accounting principles. The audit adjustment was necessary to correct an error made in a prior year in the City's conversion process. A description of the adjustment follows.

Golf Course. The Golf Course Debt Retirement Fund and the Golf Course Equipment Purchase Fund were combined into the Golf Course Fund. The Debt Retirement Fund and Equipment Purchase Fund were previously included in Governmental Activities rather than Business-Type Activities; therefore the Debt and Equipment purchases were not being matched with the Assets of the Golf Course Fund.

We recommend the City implement reporting procedures to ensure all accounts are accurately and properly reported in the financial statements.

Management Response:

The City agrees with the adjustment and has corrected the financial statements. This was an oversight.

Section III – Federal Award Findings and Questioned Costs

None

**CITY OF CENTERVILLE
DECEMBER 31, 2010**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
*OMB CIRCULAR A-133***

The City of Centerville had no prior audit findings or questioned costs.



Comprehensive Annual Financial Report

for the fiscal year ended
December 31, 2010



City of Centerville, Ohio
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2010

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

City of Centerville, Ohio
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2010

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Comprehensive Annual Financial Report
For the Year Ended December 31, 2010

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Comprehensive Annual Financial Report
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Introductory Section





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

May 27, 2011

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, 2010 is hereby submitted for your review. This report represents the commitment of the City to adhere to nationally recognized standards of excellence in financial reporting.

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

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

History and Background

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

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

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

Economic Condition and Outlook

The City has a population of 23,999 according to the U.S. Census Bureau's 2010 decennial census estimate and is home to over 700 businesses. The City continues to see slowing growth in residential development and accelerated business development activity. In the recent past, several residential subdivisions have been under development. The largest of these developments is Yankee Trace which surrounds the City's golf facility, The Golf Club at Yankee Trace. When complete, the Yankee Trace development will include approximately 938 residential units.

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

In 2010, the City witnessed a commercial development market focused both on new development, but also a sizeable reinvestment in existing facilities. Miami Valley Hospital South commenced its second phase of development with the construction of a new 225,000+/- square foot patient bed tower and maternity services center on its 150 acre campus. The Kroger Company began work in 2010 to construct a new 134,000 square foot Kroger Marketplace on the site of the former Elder-Beerman department store along the City's southern commercial corridor. St. Leonard retirement community continued to construct its expansion project which consists of a new wellness center, a new independent living facility, and a major expansion of its existing nursing care operation.

In an effort to spur economic development and ensure the long-term viability of the City's residential neighborhoods and commercial and industrial areas, the City passed legislation in 2010 expanding the City's Community Reinvestment Area (CRA) to encompass most of the community. The CRA provides an incentive for property owners and developers to reinvest in the City by granting a temporary property tax abatement on the increase in value that results from the renovation or expansion of existing buildings and the construction of new structures. Most commercial and industrial properties, and residential properties at least 25 years of age or older, now qualify under the CRA program. The expansion of the CRA program signals an emerging focus on fostering reinvestment in already developed areas of our city and promoting the long-term health of our residential neighborhoods and business community.

Looking toward the future, the City is poised to sustain and likely increase its 2010 level of commercial development and redevelopment. Through its *BusinessFirst!* program, Centerville continues to take progressive strides toward helping its existing business community grow even in tough economic times. In 2010, the City partnered with local, regional, and state-level resource partners to assist existing businesses in the City retain jobs, optimize operations, retrain workers, and add new jobs to the local economy. Those efforts resulted in local businesses obtaining tax credits from the State of Ohio, grants through the Dayton Development Coalition's Entrepreneurial Signature Program, grants from the State of Ohio 3rd Frontier Program, and grants from the Centerville Property Investment Reimbursement program. Also businesses received financing for job creation through the Ohio Department of Development, CountyCorp, and other economic development financing agencies with which the City maintains a strong relationship. In addition, the

City continues to foster the steady development of the recently annexed area of Greene County into a premier office park and mixed-use development; creating new jobs, broadening the City's tax base, and creating business and redevelopment synergies that will ripple throughout the area.

Major Initiatives

- The municipal income tax rate remained at 1.75% for the 29th consecutive year. And, the municipal property tax rate remained at its lowest rate for the 32nd consecutive 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 selected as the Dayton area's favorite golf course in 2010 by the Dayton Daily News People's Choice Awards. In 2010 Yankee Trace recorded over 54,000 rounds of golf, the second highest year in its 15 year history despite difficult economic conditions. Yankee Trace has been listed by Golf Digest as one of the Top Ten Municipal Courses in America and was listed by Golf Magazine as one of the top 50 courses in the United States with greens fees under \$50.
- The City opened a new Public Works Center debt-free.
- The City was awarded \$715,000 from the Ohio Public Works Commission for the Sheehan Road reconstruction. Construction began in 2010 and should be completed in 2011.

Independent Audit

State statute requires an annual audit by the State Auditor's Office or, at the State Auditor's discretion, by an independent certified public accounting firm. The City and the State Auditor's Office selected the firm of Plattenburg & Associates, Inc. to perform the 2010 audit of the City. Plattenburg & Associates, Inc. issued an unqualified ("clean") opinion on the City of Centerville's financial statements for the year ended December 31, 2010. 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, 2009. This was the 10th consecutive year that Centerville has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility.

Acknowledgements

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

Respectfully submitted,

Gregory B. Horn

Gregory B. Horn
City Manager

Steven A. Hinshaw

Steven A. Hinshaw
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Centerville
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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.



President

Executive Director

City of Centerville, Ohio
List of Elected and Appointed Officials
as of December 31, 2010

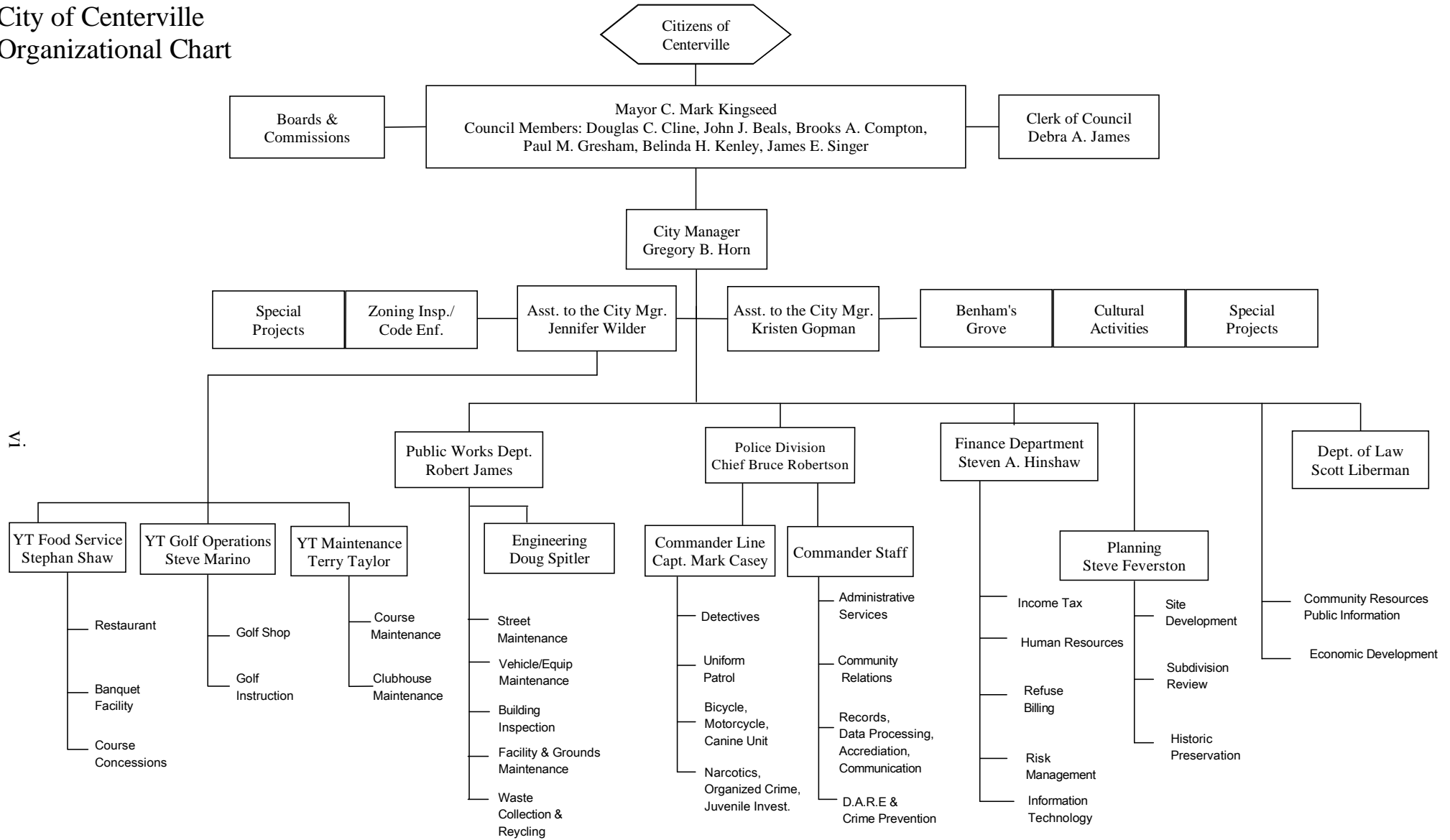
ELECTED OFFICIALS

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

City of Centerville Organizational Chart



IA.



Financial Section



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
May 27, 2011

City of Centerville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2010
(Unaudited)

The City of Centerville's (City) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ending December 31, 2010. Readers should consider the information presented here in conjunction with additional information that has been furnished in the transmittal letter, notes to the basic financial statements, and financial statements to enhance their understanding of the City's fiscal performance.

Financial Highlights

- The assets of the City exceeded its liabilities by \$77.1 million as of December 31, 2010. Of this amount, \$14.24 million (unrestricted net assets) may be used to meet the City's ongoing obligations.
- The net assets of the City increased by \$2.33 million during 2010, the most recent fiscal year. After a prior period adjustment, net assets of the City's governmental activities increased \$1.17 million or 1.7%. And, net assets of the City's business-type activities increased \$1.16 million or 17.2%.
- As of December 31, 2010, the City's governmental funds report combined ending fund balances of \$16.89 million. Over 93% or \$15.84 million of this fund balance is available for spending at the City's discretion (unreserved, undesignated fund balance).

Overview of the Financial Statements

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

The statement of Net Assets and Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column. In 2010, the City's Golf Course Debt Retirement Fund and Golf Course Equipment Purchase Fund were restated to the Golf Course Fund.

Government-wide Financial Statements

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

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

City of Centerville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2010
(Unaudited)

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

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

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

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

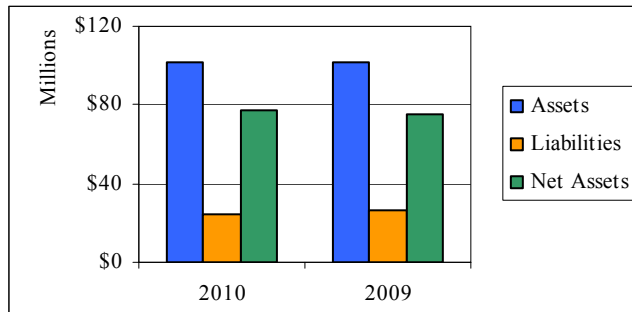
City of Centerville, Ohio
 Management's Discussion and Analysis
 For the Fiscal Year Ended December 31, 2010
 (Unaudited)

Government-wide Financial Analysis

As stated previously, the Statement of Net Assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$77.1 million as of December 31, 2010. Table 1 presents a summary of the City's net assets for 2010 compared to 2009.

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009, Restated</u>	<u>2010</u>	<u>2009, Restated</u>	<u>2010</u>	<u>2009, Restated</u>
<u>Assets:</u>						
Current and other assets	\$32,837,796	\$34,825,312	\$2,346,672	\$1,853,194	\$35,184,468	\$36,678,506
Capital assets	<u>47,833,834</u>	<u>45,854,802</u>	<u>18,639,013</u>	<u>18,746,671</u>	<u>66,472,847</u>	<u>64,601,473</u>
Total Assets	<u>80,671,630</u>	<u>80,680,114</u>	<u>20,985,685</u>	<u>20,599,865</u>	<u>101,657,315</u>	<u>101,279,979</u>
<u>Liabilities:</u>						
Long-term liabilities	8,488,573	8,805,613	12,530,463	13,253,956	21,019,036	22,059,569
Other liabilities	<u>2,988,157</u>	<u>3,849,262</u>	<u>548,661</u>	<u>602,453</u>	<u>3,536,818</u>	<u>4,451,715</u>
Total Liabilities	<u>11,476,730</u>	<u>12,654,875</u>	<u>13,079,124</u>	<u>13,856,409</u>	<u>24,555,854</u>	<u>26,511,284</u>
<u>Net Assets:</u>						
Invested in capital assets, net of debt	40,098,262	37,772,077	6,192,798	5,579,325	46,291,060	43,351,402
Restricted	15,273,979	17,527,967	1,291,866	849,040	16,565,845	18,377,007
Unrestricted	<u>13,822,659</u>	<u>12,725,195</u>	<u>421,897</u>	<u>315,091</u>	<u>14,244,556</u>	<u>13,040,286</u>
Total net assets	<u>\$69,194,900</u>	<u>\$68,025,239</u>	<u>\$7,906,561</u>	<u>\$6,743,456</u>	<u>\$77,101,461</u>	<u>\$74,768,695</u>



In total, net assets increased from \$74.77 million to \$77.10 million in 2010. Unrestricted net assets, which are available for future use as directed by City Council, increased \$1.2 million or 9.2%. Unrestricted net assets of the City's governmental activities increased \$1.10 million and unrestricted net assets of the business-type activities increased \$106,806.

Restricted net assets are subject to external restrictions as to their use. This category decreased approximately \$1.8 million from \$18.4 million at December 31, 2009 to \$16.6 million at December 31, 2010. This decrease in restricted net assets was due primarily to the completed construction of the new Public Works Center.

City of Centerville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2010
(Unaudited)

Table 2 presents the changes in net assets for the year ended December 31, 2010.

Table 2
Changes in Net Assets

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2010</u>	<u>2009</u> <u>Restated</u>	<u>2010</u>	<u>2009</u> <u>Restated</u>	<u>2010</u>	<u>2009</u> <u>Restated</u>
Revenues						
Program Revenues:						
Charges for Services	\$547,198	\$453,198	\$4,996,673	\$5,074,355	\$5,543,871	\$5,527,553
Operating Grants and Contributions	1,802,577	988,873	0	0	1,802,577	988,873
Capital Grants and Contributions	<u>903,347</u>	<u>787,975</u>	<u>0</u>	<u>0</u>	<u>903,347</u>	<u>787,975</u>
Total Program Revenues	3,253,122	2,230,046	4,996,673	5,074,355	8,249,795	7,304,401
General Revenues:						
Income Taxes	11,044,385	10,675,126	0	0	11,044,385	10,675,126
Property Taxes	1,375,916	1,422,543	0	0	1,375,916	1,422,543
Grants and Entitlements	3,207,868	2,046,883	0	0	3,207,868	2,046,883
Investment Earnings	142,867	259,995	27,234	34,167	170,101	294,162
Other Revenues	<u>137,595</u>	<u>194,941</u>	<u>6,436</u>	<u>10,526</u>	<u>144,031</u>	<u>205,467</u>
Total General Revenues	<u>15,908,631</u>	<u>14,599,488</u>	<u>33,670</u>	<u>44,693</u>	<u>15,942,301</u>	<u>14,644,181</u>
Total Revenues	<u>19,161,753</u>	<u>16,829,534</u>	<u>5,030,343</u>	<u>5,119,048</u>	<u>24,192,096</u>	<u>21,948,582</u>
Expenses						
Program Expenses:						
General Government	4,527,738	5,340,685	0	0	4,527,738	5,340,685
Public Safety	6,453,724	6,380,789	0	0	6,453,724	6,380,789
Community Environment	311,971	318,856	0	0	311,971	318,856
Recreation	305,028	449,597	0	0	305,028	449,597
Transportation	4,605,022	3,810,418	0	0	4,605,022	3,810,418
Interest and Other Charges	404,629	358,108	0	0	404,629	358,108
Waste Collection	0	0	1,373,087	1,269,212	1,373,087	1,269,212
Golf Course	<u>0</u>	<u>0</u>	<u>3,878,151</u>	<u>4,094,319</u>	<u>3,878,151</u>	<u>4,094,319</u>
Total Program Expenses	<u>16,608,092</u>	<u>16,658,453</u>	<u>5,251,238</u>	<u>5,363,531</u>	<u>21,859,330</u>	<u>22,021,984</u>
Increase (Decrease) in Net Assets						
before transfers	2,553,661	171,081	(220,895)	(244,483)	2,332,766	(73,402)
Transfers – Internal Activities	<u>(1,384,000)</u>	<u>(340,000)</u>	<u>1,384,000</u>	<u>340,000</u>	<u>0</u>	<u>0</u>
Change in net assets	1,169,661	(168,919)	1,163,105	95,517	2,332,766	(73,402)
Net Assets Beginning of Year	<u>68,025,239</u>	<u>68,194,158</u>	<u>6,743,456</u>	<u>6,647,939</u>	<u>74,768,695</u>	<u>74,842,097</u>
Net Assets End of Year	<u>\$69,194,900</u>	<u>\$68,025,239</u>	<u>\$7,906,561</u>	<u>\$6,743,456</u>	<u>\$77,101,461</u>	<u>\$74,768,695</u>

The change in net assets was an increase of \$2.33 million for the year ended December 31, 2010 as compared to a decrease of \$73,402 for the prior year. Total revenues increased \$2.2 million or 10.2%. Total expenses decreased \$162,654 or 0.7%.

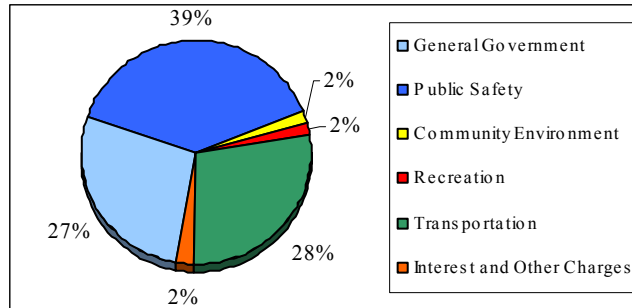
Total revenues for governmental activities increased 13.9%. Income taxes, the largest governmental activities revenue source, increased 3.46% from 2009. The remainder of the increased revenue was in grants and entitlements primarily from a federal road project.

City of Centerville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2010
(Unaudited)

Governmental Activities

The 1.75% income tax is the largest source of revenue for the City. Revenues generated by the earnings tax represent approximately 69% of the City's governmental activities general revenues.

Governmental Activities Program Expenses for 2010	
	<u>Percent</u>
General Government	27.26%
Public Safety	38.86%
Community Environment	1.88%
Recreation	1.84%
Transportation	27.73%
Interest and Other Charges	2.43%
Total	100.00%



Public safety, consisting of the police division, comprises over 38% of governmental activities' expenses. Transportation, which consists of street repair and maintenance activities, accounts for over 27% of expenses. General government, consisting of the departments such as: city management, finance, planning, clerk department accounts for over 27% of expenses.

Business-Type Activities

Business-type activities, includes the waste collection and the golf course fund. These programs had operating revenues of \$5,003,109 and operating expenses of \$4,590,239 for fiscal year 2010. Business activities receive no support from tax revenues. The business activities net assets at the end of the year was \$7,867,543, which increased \$1,148,439 from 2009 (not including internal service allocated to business-type activities). The waste collection fund had operating loss of \$36,037 for 2009. The golf course fund saw an increase in net assets of more than 18%.

Financial Analysis of the City's Funds

The City has four major governmental funds: the General Fund, Street Construction and Maintenance Fund, Special Assessment Debt Retirement Fund, and Capital Improvements Fund. Assets of the general fund comprised \$15,754,407 (49%), street construction and maintenance fund comprised \$761,642 (2%), the special assessment debt retirement fund comprised \$11,299,094 (35%), and the capital improvements fund comprised \$2,511,724 (8%) of the total \$31,993,489 governmental funds assets.

The General Fund is the primary operating fund of the City of Centerville, accounting for such activities as police protection, general government (administration, finance, engineering, building inspection), community environment (planning) and recreation. The General Fund balance increased \$1.31 million for the year ended December 31, 2010. General fund revenues were \$0.82 million higher than 2009.

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

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

City of Centerville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2010
(Unaudited)

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 \$1.8 million in 2010 due to the construction of a new Public Works Center that opened in 2010 debt-free.

General Fund Budgeting Highlights

General fund appropriations were increased only slightly (+0.6%) during 2010 and were budgeted below estimated revenue. Actual expenditures were \$793,710 less than the final appropriations. Typically, the City has not decreased appropriations when the entire budget will not be spent. In 2010, several employment positions were budgeted, but not filled. In addition, actual revenues exceeded budgetary estimates by \$659,952. This excess revenue was mostly due to increased income tax revenue.

Capital Asset and Debt Administration

The governmental activities capital assets for 2010 ended with total net capital assets of \$47,833,834. Of this total, \$4,775,388 was not being depreciated and the capital assets being depreciated totaled \$72,256,325 with accumulated depreciation of \$29,197,879. The business-type activities capital assets for 2010 ended with total net capital assets of \$18,639,013. Of this total, \$15,166,876 was not being depreciated and the capital assets being depreciated totaled \$6,165,552 with accumulated depreciation of \$2,693,415.

The City issued no new debt in the current year. At December 31, 2010, the City had various debt issues outstanding, which included \$13,085,905 of general obligation bonds, \$6,339,000 of special assessment debt, and \$756,882 of promissory notes. As of December 31, 2010, the City's net general obligation bonded debt of \$738,211 was well below the legal limit of \$69,673,830 and debt per capita equaled \$570. Additionally, the City's rating remained at "Aa2" from Moody's Investors Service.

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

Economic Factors

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

Requests for Information

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

City of Centerville, Ohio
Statement of Net Assets
December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$15,717,372	\$2,114,815	\$17,832,187
Receivables (Net):			
Taxes	4,060,179	0	4,060,179
Accounts	48,455	93,349	141,804
Interest	51,060	0	51,060
Intergovernmental	1,762,223	0	1,762,223
Special Assessments	10,986,178	0	10,986,178
Internal Balances	76,734	(76,734)	0
Inventory	27,903	94,666	122,569
Bond Issuance Costs	6,761	106,959	113,720
Prepaid Items	100,931	13,617	114,548
Nondepreciable Capital Assets	4,775,388	15,166,876	19,942,264
Depreciable Capital Assets, Net	43,058,446	3,472,137	46,530,583
Total Assets	80,671,630	20,985,685	101,657,315
Liabilities:			
Accounts Payable	195,188	59,672	254,860
Accrued Liabilities	506,458	60,841	567,299
Contracts Payable	529,969	0	529,969
Retainage Payable	23,446	0	23,446
Accrued Interest Payable	34,977	50,502	85,479
Unearned Revenue	1,698,119	254,517	1,952,636
Deposit Liability	0	123,129	123,129
Long-Term Liabilities:			
Due Within One Year	607,579	835,000	1,442,579
Due In More Than One Year	7,880,994	11,695,463	19,576,457
Total Liabilities	11,476,730	13,079,124	24,555,854
Net Assets:			
Invested in Capital Assets, Net of Related Debt	40,098,262	6,192,798	46,291,060
Restricted for:			
Debt Service	11,317,869	1,291,866	12,609,735
Capital Projects	2,508,376	0	2,508,376
Street Improvements	743,929	0	743,929
Public Safety	584,451	0	584,451
Other Purposes	119,354	0	119,354
Unrestricted	13,822,659	421,897	14,244,556
Total Net Assets	\$69,194,900	\$7,906,561	\$77,101,461

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2010

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$4,527,738	\$239,398	\$0	\$903,347
Public Safety	6,453,724	152,501	293,648	0
Community Environment	311,971	0	0	0
Recreation	305,028	151,487	0	0
Transportation	4,605,002	3,812	1,508,929	0
Interest and Other Charges	404,629	0	0	0
Total Governmental Activities	16,608,092	547,198	1,802,577	903,347
Business-Type Activities:				
Waste Collection	1,373,087	1,349,642	0	0
Golf Course	3,878,151	3,647,031	0	0
Total Business-Type Activities	5,251,238	4,996,673	0	0
Totals	\$21,859,330	\$5,543,871	\$1,802,577	\$903,347

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

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year, Restated

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$3,384,993)	\$0	(\$3,384,993)
(6,007,575)	0	(6,007,575)
(311,971)	0	(311,971)
(153,541)	0	(153,541)
(3,092,261)	0	(3,092,261)
(404,629)	0	(404,629)
(13,354,970)	0	(13,354,970)
0	(23,445)	(23,445)
0	(231,120)	(231,120)
0	(254,565)	(254,565)
(13,354,970)	(254,565)	(13,609,535)
11,044,385	0	11,044,385
1,375,916	0	1,375,916
3,207,868	0	3,207,868
142,867	27,234	170,101
137,595	6,436	144,031
(1,384,000)	1,384,000	0
14,524,631	1,417,670	15,942,301
1,169,661	1,163,105	2,332,766
68,025,239	6,743,456	74,768,695
\$69,194,900	\$7,906,561	\$77,101,461

City of Centerville, Ohio
Balance Sheet
Governmental Funds
December 31, 2010

	General	Street Construction and Maintenance	Special Assessment Debt Retirement	Capital Improvements
Assets:				
Equity in Pooled Cash and Investments	\$10,531,380	\$260,518	\$312,916	\$2,115,140
Receivables (Net):				
Taxes	4,060,179	0	0	0
Accounts	5,360	0	0	42,989
Interest	41,441	0	0	9,619
Intergovernmental	915,728	459,769	0	343,976
Special Assessments	0	0	10,986,178	0
Due From Other Funds	115,752	0	0	0
Inventory	791	24,200	0	0
Prepaid Items	83,776	17,155	0	0
Total Assets	15,754,407	761,642	11,299,094	2,511,724
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	148,536	32,608	0	9,423
Accrued Liabilities	444,035	62,423	0	0
Contracts Payable	0	0	0	529,969
Retainage Payable	0	0	0	23,446
Deferred Revenue	2,916,040	315,488	10,397,504	196,409
Total Liabilities	3,508,611	410,519	10,397,504	759,247
Fund Balances:				
Reserved for Encumbrances	0	8,853	0	486,335
Reserved for Inventory	791	24,200	0	0
Reserved for Debt Service	0	0	312,916	0
Reserved for Prepaid Items	83,776	17,155	0	0
Unreserved, Undesignated, Reported in:				
General Fund	12,161,229	0	0	0
Special Revenue Funds	0	300,915	0	0
Debt Service Funds	0	0	588,674	0
Capital Projects Funds	0	0	0	1,266,142
Total Fund Balances	12,245,796	351,123	901,590	1,752,477
Total Liabilities and Fund Balances	\$15,754,407	\$761,642	\$11,299,094	\$2,511,724

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$1,620,960	\$14,840,914
0	4,060,179
0	48,349
0	51,060
42,750	1,762,223
0	10,986,178
0	115,752
2,912	27,903
0	100,931
<u>1,666,622</u>	<u>31,993,489</u>
3,275	193,842
0	506,458
0	529,969
0	23,446
<u>25,580</u>	<u>13,851,021</u>
<u>28,855</u>	<u>15,104,736</u>
69,591	564,779
2,912	27,903
46,991	359,907
0	100,931
0	12,161,229
845,530	1,146,445
0	588,674
<u>672,743</u>	<u>1,938,885</u>
<u>1,637,767</u>	<u>16,888,753</u>
<u>\$1,666,622</u>	<u>\$31,993,489</u>

City of Centerville, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 December 31, 2010

Total Governmental Fund Balance		\$16,888,753
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds	\$46,696,289	
Capital assets used in the operation of Internal Service Funds	<u>1,137,545</u>	
		47,833,834
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Income Taxes	\$1,056,903	
Intergovernmental	680,251	
Interest	18,244	
Special Assessments	<u>10,397,504</u>	
		12,152,902
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		
Internal Service Net Assets	\$2,012,763	
Capital assets used in the operation of Internal Service Funds	(1,137,545)	
Allocation to Business-Type Activities	<u>(39,018)</u>	
		836,200
In the statement of net assets interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(34,977)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(753,001)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.		
		6,761
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
		<u>(7,735,572)</u>
Net Assets of Governmental Activities		<u>\$69,194,900</u>

See accompanying notes to the basic financial statements.



City of Centerville, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended December 31, 2010

	General	Street Construction and Maintenance	Special Assessment Debt Retirement	Capital Improvements
Revenues:				
Taxes	\$12,415,470	\$0	\$0	\$0
Fines, Licenses & Permits	237,961	0	0	0
Charges for Services	282,212	3,812	0	0
Investment Earnings	123,527	2,910	7,674	34,467
Intergovernmental	2,946,098	932,527	0	867,904
Special Assessments	21,623	0	623,365	0
Other Revenues	22,563	5,500	0	407,506
Total Revenues	16,049,454	944,749	631,039	1,309,877
Expenditures:				
Current:				
General Government	4,300,521	0	32,375	9,423
Public Safety	6,052,492	0	0	0
Community Environment	289,572	0	0	0
Recreation	251,645	0	0	0
Transportation	0	2,123,537	0	0
Capital Outlay	0	0	0	4,101,994
Debt Service:				
Principal	0	0	229,000	0
Interest and Other Charges	0	0	357,471	0
Total Expenditures	10,894,230	2,123,537	618,846	4,111,417
Excess of Revenues Over (Under) Expenditures	5,155,224	(1,178,788)	12,193	(2,801,540)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	0	131
Transfers In	0	1,200,000	0	1,000,000
Transfers (Out)	(3,849,000)	0	0	0
Total Other Financing Sources (Uses)	(3,849,000)	1,200,000	0	1,000,131
Net Change in Fund Balance	1,306,224	21,212	12,193	(1,801,409)
Fund Balance Beginning of Year, Restated	10,938,781	395,773	889,397	3,553,886
Change in Reserve for Inventory	791	(65,862)	0	0
Fund Balance End of Year	\$12,245,796	\$351,123	\$901,590	\$1,752,477

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$0	\$12,415,470
1,590	239,551
0	286,024
19,647	188,225
945,218	5,691,747
8,442	653,430
40,026	475,595
<u>1,014,923</u>	<u>19,950,042</u>
15,514	4,357,833
7,651	6,060,143
0	289,572
0	251,645
635,557	2,759,094
77,374	4,179,368
123,196	352,196
39,521	396,992
<u>898,813</u>	<u>18,646,843</u>
<u>116,110</u>	<u>1,303,199</u>
1,624	1,755
265,000	2,465,000
0	(3,849,000)
<u>266,624</u>	<u>(1,382,245)</u>
382,734	(79,046)
1,268,014	17,045,851
<u>(12,981)</u>	<u>(78,052)</u>
<u>\$1,637,767</u>	<u>\$16,888,753</u>

City of Centerville, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended December 31, 2010

Net Change in Fund Balance - Total Governmental Funds (\$79,046)

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

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	\$4,495,364	
Depreciation Expense	(2,450,190)	
		2,045,174

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss. (254,619)

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

Income Taxes	(\$27,169)	
Delinquent Property Taxes and Intergovernmental	(95,000)	
Interest	(45,358)	
Special Assessments	(620,762)	
		(788,289)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 352,196

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. (1,629)

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

Compensated Absences	(\$30,113)	
Amortization of Bond Issuance Cost	(965)	
Amortization of Bond Premium	1,871	
Amortization of Deferred Charge on Refunding	(6,914)	
Change in Inventory	(78,052)	
		(114,173)

The internal service fund used by management to charge back costs to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

Change in Net Assets - Internal Service Funds	\$24,713	
Change in portion of Internal Service Fund Net Assets allocated to Business-Type Activities	(14,666)	
		10,047

Change in Net Assets of Governmental Activities \$1,169,661

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Statement of Net Assets
Proprietary Funds
December 31, 2010

	Business-Type Activities -Enterprise Funds			Governmental Activities- Internal Service Funds
	Waste Collection	Golf Course	Total Business-Type Activities	
Current Assets:				
Equity in Pooled Cash and Investments	\$768,311	\$1,346,504	\$2,114,815	\$876,458
Receivables (Net):				
Accounts	58,338	35,011	93,349	106
Inventory	8,214	86,452	94,666	0
Prepaid Items	7,655	5,962	13,617	0
Total Current Assets	842,518	1,473,929	2,316,447	876,564
Nondepreciable Capital Assets	0	15,166,876	15,166,876	0
Depreciable Capital Assets, Net	0	3,472,137	3,472,137	1,137,545
Bond Issuance Cost	0	106,959	106,959	0
Total Noncurrent Assets	0	18,745,972	18,745,972	1,137,545
Total Assets	842,518	20,219,901	21,062,419	2,014,109
Liabilities:				
Current Liabilities:				
Accounts Payable	33,820	25,852	59,672	1,346
Accrued Liabilities	21,125	39,716	60,841	0
Compensated Absences	25,000	10,000	35,000	0
Accrued Interest Payable	0	50,502	50,502	0
Due to Other Funds	0	115,752	115,752	0
Deferred Revenue	254,517	0	254,517	0
Deposit Liability	0	123,129	123,129	0
Long-Term Liabilities Due Within One Year	0	800,000	800,000	0
Total Current Liabilities	334,462	1,164,951	1,499,413	1,346
Long-Term Liabilities:				
Compensated Absences	11,487	37,761	49,248	0
Bonds, Notes & Loans Payable	0	11,646,215	11,646,215	0
Total Noncurrent Liabilities	11,487	11,683,976	11,695,463	0
Total Liabilities	345,949	12,848,927	13,194,876	1,346
Net Assets:				
Invested in Capital Assets	0	6,192,798	6,192,798	1,137,545
Restricted for:				
Debt Service	0	1,291,866	1,291,866	0
Unrestricted	496,569	(113,690)	382,879	875,218
Total Net Assets	\$496,569	\$7,370,974	\$7,867,543	\$2,012,763
Adjustment to reflect the consolidation of Internal Service Fund activities related to Business-Type Activities			\$39,018	
Net Assets of Business-Type Activities			\$7,906,561	

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended December 31, 2010

	Business-Type Activities -Enterprise Funds			Governmental Activities- Internal Service Funds
	Waste Collection	Golf Course	Total Business-Type Activities	
Operating Revenues:				
Charges for Services	\$1,349,642	\$3,647,031	\$4,996,673	\$348,570
Other Revenues	2,074	4,362	6,436	4,325
Total Operating Revenues	<u>1,351,716</u>	<u>3,651,393</u>	<u>5,003,109</u>	<u>352,895</u>
Operating Expenses:				
Salaries and Wages	582,392	1,152,691	1,735,083	0
Fringe Benefits	183,434	187,376	370,810	0
Purchased Services	291,178	499,032	790,210	13,073
Supplies and Materials	248,569	857,232	1,105,801	0
Other Expenses	82,180	266,039	348,219	25,080
Depreciation	0	240,116	240,116	317,001
Total Operating Expenses	<u>1,387,753</u>	<u>3,202,486</u>	<u>4,590,239</u>	<u>355,154</u>
Operating Income (Loss)	<u>(36,037)</u>	<u>448,907</u>	<u>412,870</u>	<u>(2,259)</u>
Non-Operating Revenues (Expenses):				
Investment Earnings	11,429	15,805	27,234	14,372
Interest (Expense)	0	(682,110)	(682,110)	0
Gain (Loss) on Disposal of Capital Assets	0	6,445	6,445	12,600
Total Non-Operating Revenues (Expenses)	<u>11,429</u>	<u>(659,860)</u>	<u>(648,431)</u>	<u>26,972</u>
Income (Loss) Before Contributions and Transfers	<u>(24,608)</u>	<u>(210,953)</u>	<u>(235,561)</u>	<u>24,713</u>
Transfers In	<u>0</u>	<u>1,384,000</u>	<u>1,384,000</u>	<u>0</u>
Change in Net Assets	<u>(24,608)</u>	<u>1,173,047</u>	<u>1,148,439</u>	<u>24,713</u>
Net Assets Beginning of Year, Restated	<u>521,177</u>	<u>6,197,927</u>	<u>6,719,104</u>	<u>1,988,050</u>
Net Assets End of Year	<u>\$496,569</u>	<u>\$7,370,974</u>	<u>\$7,867,543</u>	<u>\$2,012,763</u>
Adjustment to reflect the consolidation of Internal Service Fund activities related to Business-Type Activities			<u>\$14,666</u>	
Change in Net Assets - Total Business-Type Activities			<u>\$1,163,105</u>	

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2010

	Business-Type Activities -Enterprise Funds			Governmental Activities- Internal Service Funds
	Waste Collection	Golf Course	Total Business-Type Activities	
Cash Flows from Operating Activities:				
Cash Received from Customers	\$1,351,891	\$3,646,543	\$4,998,434	\$313,496
Cash Payments to Employees	(769,576)	(1,423,080)	(2,192,656)	0
Cash Payments to Suppliers	(630,886)	(1,611,865)	(2,242,751)	(43,990)
Net Cash Provided (Used) by Operating Activities	(48,571)	611,598	563,027	269,506
Cash Flows from Noncapital Financing Activities:				
Payments from Other Funds	0	1,384,000	1,384,000	0
Payments to Other Funds	0	(64,488)	(64,488)	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	1,319,512	1,319,512	0
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	0	(132,458)	(132,458)	(505,478)
Debt Principal Payments	0	(765,000)	(765,000)	0
Debt Interest Payments	0	(631,005)	(631,005)	0
Proceeds on the Disposal of Capital Assets	0	6,445	6,445	12,600
Net Cash Provided (Used) by Capital and Related Financing Activities	0	(1,522,018)	(1,522,018)	(492,878)
Cash Flows from Investing Activities:				
Earnings on Investments	11,429	15,805	27,234	14,372
Net Cash Provided (Used) by Cash Flows from Investing Activities	11,429	15,805	27,234	14,372
Net Increase (Decrease) in Cash and Cash Equivalents	(37,142)	424,897	387,755	(209,000)
Cash and Cash Equivalents Beginning of Year	805,453	921,607	1,727,060	1,085,458
Cash and Cash Equivalents End of Year	768,311	1,346,504	2,114,815	876,458
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	(36,037)	448,907	\$412,870	(2,259)
Adjustments:				
Depreciation	0	240,116	240,116	317,001
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	(2,321)	(9,030)	(11,351)	431
(Increase) Decrease in Inventory	(8,214)	(16,906)	(25,120)	0
(Increase) Decrease in Prepaid Items	(226)	1,730	1,504	0
(Increase) Decrease in Deposit Liabilities	0	4,180	4,180	0
Increase (Decrease) in Payables	(397)	(58,909)	(59,306)	(45,667)
Increase (Decrease) in Accrued Liabilities	(3,872)	1,510	(2,362)	0
Increase (Decrease) in Deferred Revenue	2,496	0	2,496	0
Net Cash Provided (Used) by Operating Activities	(\$48,571)	\$611,598	\$563,027	\$269,506

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Statement of Fiduciary Net Assets
Fiduciary Fund
December 31, 2010

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$101,477
Prepaid Items	<u>2,444</u>
Total Assets	<u><u>103,921</u></u>
Liabilities:	
Accounts Payable	4,884
Undistributed Monies	<u>99,037</u>
Total Liabilities	<u><u>\$103,921</u></u>

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

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

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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

Additionally, the City reports the following fund types:

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

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

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

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

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

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

D. Revenues – Exchange and Non-Exchange Transactions

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

E. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

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

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

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

Inventories and Prepaid Items

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

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

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

Capital Assets

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

The City defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

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

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

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

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

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for unpaid accumulated sick leave is limited to 240 of accrued but unused sick leave. The City pays supplemental retirement if employees retire with 7.5 years of service and 600 hours of accumulated sick leave. Supplemental retirement is only available to retiring employees, not employees for any reason. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The total liability for vacation leave payments has been calculated using pay rates in effect at the balance sheet date.

Bond Discounts, Premiums and Issuance Costs

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

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

Accrued Liabilities and Long-Term Obligations

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

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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

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

Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources, and, therefore are not available for appropriation or expenditure. As a result, encumbrances, inventories, debt service and prepaid items are recorded as a reservation of fund balance.

Interfund Activity

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

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

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

Net Assets

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the City's \$16,565,845 in restricted net assets, none was restricted by enabling legislation.

Estimates

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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

Deposits – As of December 31, 2010, \$7,310,183 of the City's cash deposits of \$10,197,761 was covered by the Federal Deposit Insurance Corporation (FDIC).

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

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

The City invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2010. 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, 2010.

A summary of the fair value of investments held, and year of maturities, as of December 31, 2010 is as follows:

	<u>Fair Value</u>	<u>Investments maturing in years ended</u>				
		<u>12/31/11</u>	<u>12/31/12</u>	<u>12/31/13</u>	<u>12/31/14</u>	<u>12/31/15</u>
U.S. agencies	\$6,999,043	\$590,187	\$1,851,895	\$1,987,114	\$1,324,077	\$1,245,770
Mutual bond funds	715,903	715,903	0	0	0	0
STAR Ohio	<u>7,767</u>	<u>7,767</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total investments	<u>\$7,722,713</u>	<u>\$1,313,857</u>	<u>\$1,851,895</u>	<u>\$1,987,114</u>	<u>\$1,324,077</u>	<u>\$1,245,770</u>

Callable securities are assumed to remain uncalled prior to maturity.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

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

Credit Risk – It is the City’s policy to limit its investments that are not obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. As of December 31, 2010, the City’s investment in STAR Ohio was rated AAAM by Standard & Poor’s and the City’s investments in U.S. agencies (not explicitly guaranteed by the U.S. government) and government-sponsored corporations were rated AAA by Standard & Poor’s and Aaa by Moody’s Investor Service.

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

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

Nonnegotiable Certificates of Deposit	50%
Bankers Acceptances and Commercial Paper	25%

Total investments at December 31, 2010 include:

<u>Issuer:</u>	<u>Fair Value</u>	<u>Percent</u>
U.S. Agencies:		
Federal National Mortgage Association	\$1,290,876	16.7%
Federal Home Loan Mortgage Corporation	1,264,805	16.4%
Federal Home Loan Bank	2,756,012	35.7%
Federal Farm Credit Banks	1,687,350	21.8%
Mutual Bond Fund	715,903	9.3%
STAROhio	<u>7,767</u>	<u>0.1%</u>
Total Investments	<u>\$7,722,713</u>	<u>100.0%</u>

3. RECEIVABLES

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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

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

Special assessments expected to be collected in more than one year amounts to approximately \$10,986,178 in the Special Assessment Debt Retirement Fund.

A. Income Taxes

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

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

B. Property Taxes

Property taxes include amounts levied against all real property, public utility tangible personal property and tangible (used in business) property located in the City. Property taxes are levied each December 31st on the assessed value listed as of the prior December 31st. Assessed values are established for real property at 35% of true value and for public utility tangible personal property at varying percentages, generally 25%. The percentage for tangible personal property has been reduced to 0%. 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 2008.

The property tax calendar is as follows:

Levy date	December 31, 2009
Lien date	December 31, 2009
Tax bill mailed	January 20, 2010
First installment payment due	February 15, 2010
Second installment payment due	July 15, 2010

The assessed values for the City at December 31, 2010, were as follows:

	Assessed Value
Real Estate	\$653,876,760
Tangible Personal Property	<u>9,683,530</u>
Total	<u>\$663,560,290</u>

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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 4,245,419	\$ 0	\$ 0	\$ 4,245,419
Construction in progress	4,678,021	1,845,929	(5,993,981)	529,969
<i>Capital Assets, being depreciated:</i>				
Building and improvements	8,662,491	5,998,698	(363,102)	14,298,087
Machinery and equipment	6,952,539	625,175	(314,912)	7,262,802
General infrastructure	<u>49,290,256</u>	<u>2,525,021</u>	<u>(1,119,841)</u>	<u>50,695,436</u>
Totals at Historical Cost	<u>73,828,726</u>	<u>10,994,823</u>	<u>(7,791,836)</u>	<u>77,031,713</u>
Less Accumulated Depreciation for:				
Building and improvements	2,175,333	314,850	(108,493)	2,381,690
Machinery and equipment	4,924,690	597,241	(314,902)	5,207,029
General infrastructure	<u>20,873,901</u>	<u>1,855,100</u>	<u>(1,119,841)</u>	<u>21,609,160</u>
Total Accumulated Depreciation	<u>27,973,924</u>	<u>2,767,191</u>	<u>(1,543,236)</u>	<u>29,197,879</u>
Governmental Activities Capital Assets, Net	<u>\$ 45,854,802</u>	<u>\$ 8,227,632</u>	<u>\$(6,248,600)</u>	<u>\$ 47,833,834</u>
Business-type Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 15,166,876	\$ 0	\$ 0	\$ 15,166,876
<i>Capital Assets, being depreciated:</i>				
Building and improvements	4,037,103	0	0	4,037,103
Machinery and equipment	<u>2,033,809</u>	<u>132,458</u>	<u>(37,818)</u>	<u>2,128,449</u>
Totals at Historical Cost	<u>21,237,788</u>	<u>132,458</u>	<u>(37,818)</u>	<u>21,332,428</u>
Less Accumulated Depreciation for:				
Building and improvements	1,218,042	89,713	0	1,307,755
Machinery and equipment	<u>1,273,075</u>	<u>150,403</u>	<u>(37,818)</u>	<u>1,385,660</u>
Total Accumulated Depreciation	<u>2,491,117</u>	<u>240,116</u>	<u>(37,818)</u>	<u>2,693,415</u>
Business-Type Activities Capital Assets, Net	<u>\$ 18,746,671</u>	<u>\$ (107,658)</u>	<u>\$ 0</u>	<u>\$ 18,639,013</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 243,118
Public safety	373,757
Community environment	5,394
Recreation	52,886
Transportation	<u>2,092,036</u>
Total depreciation expense	<u>\$ 2,767,191</u>

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

5. PENSION PLANS

A. Ohio Public Employees Retirement System

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at www.opers.org.

The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the City is 14% of covered payroll. The contribution rates are determined actuarially. The City's required contributions to OPERS for the years ending December 31, 2008, 2009 and 2010, were \$772,297, \$778,732, and \$775,024 respectively, or 92% of the required contributions for 2008, 92% for 2009, and 92% for 2010.

B. Ohio Police and Fire Pension Fund

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

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

Plan members are required to contribute 10% of their annual covered salary, while employers (the City) are required to contribute 19.5% for police and 24.0% for firefighters. The City's contributions to OP&F for the years ending December 31, 2008, 2009 and 2010, were \$595,092, \$630,132, \$648,938 respectively, or 74% of the required contributions for 2008, 74% for 2009, and 75% for 2010.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

6. POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description

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

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

In order to qualify for post-employment health card coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

Funding Policy

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

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

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2010, the employer contribution allocated to the health care plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010 of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

Information from City's Records

The City's actual contributions for the current year, which were used to fund postemployment benefits, were \$78,959 for the period of January 1 through February 28, 2010 and were \$402,683 for the period of March 1 through December 31, 2010; were \$86,442 for the period of January 1 through March 31, 2009 and were \$302,924 for the period of April 1 through December 31, 2009; and were \$386,149 for 2008.

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

B. Ohio Police and Fire Pension Fund

Plan Description

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

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

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy

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

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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

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

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

Information from City's Records

The City's contributions to OP&F for the year ending December 31, 2010 were \$224,533 for police; for the year ending December 31, 2009 were \$218,026 for police; and for the year ending December 31, 2008 were \$205,993 for police, respectively, was allocated to the healthcare plan.

7. OPERATING LEASE – CITY AS LESSOR

The City is the lessor of a building under noncancellable leases with the Bureau of Motor Vehicles, State of Ohio and the Auto Title Division, Montgomery County, Ohio. Assets relating to the leases as of December 31, 2010 include buildings and improvements at a cost of \$214,284 and accumulated depreciation of \$83,040. The future minimum lease payments as of December 31, 2010 are as follows:

2011	\$15,448
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8. RISK MANAGEMENT

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

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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

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

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

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

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

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

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

Employment Practices Liability and Public Officials Liability Including Employee

Benefits Liability

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

Property (effective 7/1/09-7/1/11):

\$1,000,000,000/occurrence

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

Coverage excess SIR provided by PEPPIP USA as follows:

Lexington Insurance Company (Primary \$25 million)

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

Flood (effective 7/1/09-7/1/11):

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

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

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

Earthquake (effective 7/1/09-7/1/11):

\$25 million/occurrence and annual aggregate

MVRMA SIR: \$100,000/occurrence

Boiler & Machinery (effective 7/1/09-7/1/11):

\$100,000,000/occurrence

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

Coverage excess SIR provided by PEPPIP USA as follows:

Lexington Insurance Company – (Primary \$25 million)

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

Cyber (effective 7/1/09-7/1/11):

MVRMA SIR: \$100,000/occurrence

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

Third Party Liability:

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

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

First Party Computer Liability:

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

Member Deductible/occurrence: \$2,500

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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

9. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended December 31, 2010, was as follows:

		Restated Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities						
<u>General Obligation Bonds</u>						
Various Purpose Refunding-Series 2003	2.00-5.25%	\$760,000	\$0	(\$85,000)	\$675,000	\$85,000
Less Deferred Amounts:						
For Issuance Premium		14,961	0	(1,871)	13,090	0
On Refunding		(55,314)	0	6,914	(48,400)	0
Total General Obligation Bonds		719,647	0	(79,957)	639,690	85,000
<u>Special Assessment Bonds</u>						
Street Improvements - Series 1990	7.90%	28,000	0	(14,000)	14,000	14,000
Street Improvements - Series 1994	5.40-6.60%	135,000	0	(25,000)	110,000	25,000
Street Improvements - Series 1995	4.30-5.625%	835,000	0	(30,000)	805,000	30,000
Street Improvements - Series 1998a	4.05-5.35%	920,000	0	(30,000)	890,000	30,000
Street Improvements - Series 1998b	3.50-5.00%	995,000	0	(30,000)	965,000	35,000
Street Improvements - Series 1999	4.20-5.75%	1,315,000	0	(35,000)	1,280,000	35,000
Street Improvements - Series 2000	4.65-5.75%	925,000	0	(25,000)	900,000	25,000
Street Improvements - Series 2001	3.70-5.50%	855,000	0	(25,000)	830,000	25,000
Street Improvements - Series 2002	4.20-5.30%	560,000	0	(15,000)	545,000	15,000
Total Special Assessment Bonds		6,568,000	0	(229,000)	6,339,000	234,000
Promissory Notes	1.00%	795,078	0	(38,196)	756,882	38,579
Total Long-Term Liabilities - Bonds, Notes		8,082,725	0	(347,153)	7,735,572	357,579
Compensated Absences		722,888	499,865	(469,752)	753,001	250,000
Total Governmental Activities		\$8,805,613	\$499,865	(\$816,905)	\$8,488,573	\$607,579
Business-Type Activities						
<u>General Obligation Bonds</u>						
Capital Facilities - Series 2001	3.50-5.125%	\$2,635,000	\$0	(\$105,000)	\$2,530,000	\$110,000
Various Purpose Refunding-Series 2003	2.00-5.25%	11,135,000	0	(660,000)	10,475,000	690,000
Less Deferred Amounts:						
For Issuance Premium		223,509	0	(16,270)	207,239	0
On Refunding		(826,163)	0	60,139	(766,024)	0
Total General Obligation Bonds		13,167,346	0	(721,131)	12,446,215	800,000
Compensated Absences		86,610	36,439	(38,801)	84,248	35,000
Total Business-Type Activities		\$13,253,956	\$36,439	(\$759,932)	\$12,530,463	\$835,000

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

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

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

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

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

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

Governmental Activities and Business-Type Activities:

Year Ending December 31	General Obligation Bonds		Special Assessment Bonds		Promissory Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$885,000	\$635,003	\$234,000	\$345,292	\$38,579	\$ 7,473
2012	910,000	602,593	235,000	332,588	38,966	7,086
2013	945,000	569,143	245,000	320,139	39,356	6,695
2014	985,000	530,923	255,000	306,888	39,751	6,301
2015	1,025,000	490,960	245,000	293,028	40,149	5,902
2016-2020	5,600,000	1,671,140	1,405,000	1,256,243	206,866	23,392
2021-2025	3,110,000	503,763	1,820,000	832,412	217,445	12,813
2026-2030	220,000	11,275	1,820,000	303,589	135,770	2,386
2031-2032	<u>0</u>	<u>0</u>	<u>80,000</u>	<u>6,360</u>	<u>0</u>	<u>0</u>
Total	<u>\$13,680,000</u>	<u>\$5,014,800</u>	<u>\$6,339,000</u>	<u>\$3,996,539</u>	<u>\$756,882</u>	<u>\$72,048</u>

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2010, the City had a legal debt margin for total debt of \$69,673,830 and a legal debt margin for unvoted debt of \$36,495,816.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

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

To provide for the Bethany Lutheran Village Continuing Care Facility, the City has issued three series of Health Care Revenue Bonds. These bonds are special limited obligations of the City, payable solely from and secured by a letter of credit. The bonds do not constitute a debt or pledge of the faith and credit of the City, the County or the State, and, accordingly, have not been reported in the accompanying financial statements. At December 31, 2010, Health Care Revenue Bonds outstanding aggregated \$45,945,000.

10. INTERFUND TRANSFERS

The composition of interfund balances as of December 31, 2010 is as follows:

Internal balances:

<u>Type</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Internal Service Allocation	\$(39,018)	\$39,018
Due to / Due from Other Funds	<u>115,752</u>	<u>(115,752)</u>
Total	<u>\$76,734</u>	<u>(\$76,734)</u>

Due to / due from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Golf Course	\$115,752

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

Interfund transfers:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 0	\$3,849,000
Street Construction and Maintenance	1,200,000	0
Capital Improvements	1,000,000	0
Non-major Governmental	265,000	0
Golf Course	<u>1,384,000</u>	<u>0</u>
Total	<u>\$3,849,000</u>	<u>\$3,849,000</u>

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

11. CHANGE IN ACCOUNTING PRINCIPLES

For 2010, the City has implemented GASB No. 51 "Accounting and Financial Reporting for Intangible Assets." Any intangible assets acquired by the City prior to January 1, 2010 are considered to have indefinite useful lives and are not retroactively reported.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2010
(continued)

12. PRIOR PERIOD ADJUSTMENT

The City made the following restatement as of December 31, 2009. The City's Golf Course Debt Retirement Fund and Golf Course Equipment Purchase Fund were restated to the Golf Course Fund.

	Golf Course Debt Retirement*	Golf Course Equipment Purchase	Golf Course	Governmental Activities	Business- Type Activities
Fund Balance / Net Assets - December 31, 2009	\$849,040	\$471,591	\$17,980,949	\$55,770,626	\$18,998,069
Restatement of Fund	(849,040)	(471,591)	1,320,631	(849,040)	849,040
Capital Facilities - Series 2001	0	0	(2,635,000)	2,635,000	(2,635,000)
Various Purpose Refunding - Series 2003	0	0	(10,532,346)	10,532,346	(10,532,346)
Bond Issuance Cost	0	0	115,357	(115,357)	115,357
Interest Payable	<u>0</u>	<u>0</u>	<u>(51,664)</u>	<u>51,664</u>	<u>(51,664)</u>
Fund Balance / Net Assets - December 31, 2009, Restated	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,197,927</u>	<u>\$68,025,239</u>	<u>\$ 6,743,456</u>

*amount was also included in Other Governmental Funds and Nonmajor Debt Service Fund at December 31, 2009.

13. CONTINGENT LIABILITIES

Accounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial. The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have an adverse effect on the financial condition of the City.

City of Centerville, Ohio
 Required Supplementary Information
 Schedule of Revenue, Expenditures, & Changes in Fund Balances -
 Budget and Actual - Budgetary (Non-GAAP) Basis
 General Fund
 For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Local Taxes	\$ 13,281,293	\$ 13,281,293	\$ 14,271,169	\$ 989,876
Intergovernmental revenues	1,007,000	1,007,000	572,637	(434,363)
Special assessments	8,000	8,000	21,623	13,623
Charges for services	21,000	21,000	58,025	37,025
Fines, licenses, and permits	163,000	163,000	237,527	74,527
Interest earned	210,000	210,000	161,792	(48,208)
Miscellaneous and reimbursements	279,346	279,346	306,818	27,472
Total revenues	14,969,639	14,969,639	15,629,591	659,952
Expenditures:				
Current:				
Clerk of Council				
Personal services	214,454	216,454	215,185	1,269
Other expenses	39,651	39,651	32,628	7,023
Total clerk of council	254,105	256,105	247,813	8,292
City Manager				
Personal services	503,307	503,307	479,313	23,994
Other expenses	21,930	26,930	25,006	1,924
Total city manager	525,237	530,237	504,319	25,918
Economic Development				
Personal services	95,603	96,603	96,108	495
Other expenses	13,115	13,115	6,599	6,516
Total economic development	108,718	109,718	102,707	7,011
Community Resources				
Personal services	53,434	54,434	54,113	321
Other expenses	14,065	14,065	11,731	2,334
Total community resources	67,499	68,499	65,844	2,655
Code Enforcement				
Personal services	111,922	111,922	109,924	1,998
Other expenses	21,147	31,147	29,318	1,829
Total code enforcement	133,069	143,069	139,242	3,827
Finance				
Personal services	366,531	366,531	352,344	14,187
Other expenses	43,995	50,995	50,186	809
Total finance	410,526	417,526	402,530	14,996
Income Tax				
Personal services	175,750	181,750	181,414	336
Other expenses	53,512	62,512	61,775	737
Total income tax	229,262	244,262	243,189	1,073
Human Resources				
Personal services	134,543	134,543	126,232	8,311
Other expenses	84,894	84,894	38,706	46,188
Total human resources	219,437	219,437	164,938	54,499

See accompanying notes to the required supplementary information.

City of Centerville, Ohio
Required Supplementary Information
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
General Fund - Continued
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Legal				
Other expenses	356,850	356,850	304,325	52,525
Total legal	356,850	356,850	304,325	52,525
Planning				
Personal services	284,832	284,832	275,954	8,878
Other expenses	57,148	57,148	26,123	31,025
Total planning	341,980	341,980	302,077	39,903
General Government				
Personal services	120,612	120,612	117,797	2,815
Other expenses	1,291,889	1,296,889	1,266,071	30,818
Total general government	1,412,501	1,417,501	1,383,868	33,633
Municipal Building				
Personal services	26,454	29,454	28,655	799
Other expenses	56,768	56,768	48,046	8,722
Total municipal building	83,222	86,222	76,701	9,521
Inspection				
Personal services	142,061	153,061	152,305	756
Other expenses	46,538	46,538	34,256	12,282
Total inspection	188,599	199,599	186,561	13,038
Engineering				
Personal services	376,868	376,868	366,780	10,088
Other expenses	36,937	36,937	22,990	13,947
Total engineering	413,805	413,805	389,770	24,035
Public Works Administration				
Personal services	214,687	214,687	202,199	12,488
Other expenses	99,206	99,206	89,421	9,785
Total public works administration	313,893	313,893	291,620	22,273
Police				
Personal services	5,771,840	5,771,840	5,457,440	314,400
Other expenses	870,146	870,146	759,326	110,820
Total police	6,641,986	6,641,986	6,216,766	425,220
Sister City Committee				
Other expenses	7,400	7,400	1,254	6,146
Total sister city committee	7,400	7,400	1,254	6,146
Arts Commission				
Personal services	1,251	3,251	2,906	345
Other expenses	46,600	46,600	36,002	10,598
Total arts commission	47,851	49,851	38,908	10,943

See accompanying notes to the required supplementary information.

City of Centerville, Ohio
Required Supplementary Information
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
General Fund - Continued
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
City Beautiful Commission				
Other expenses	9,707	9,707	5,692	4,015
Total city beautiful commission	9,707	9,707	5,692	4,015
Benham's Grove				
Personal services	138,225	138,225	130,606	7,619
Other expenses	82,035	88,035	85,373	2,662
Total Benham's Grove	220,260	226,260	215,979	10,281
Stubbs Park				
Other expenses	109,936	109,936	86,030	23,906
Total Stubbs Park	109,936	109,936	86,030	23,906
Total Expenses	12,095,843	12,163,843	11,370,133	793,710
Excess (deficiency) of revenues over expenditures	2,873,796	2,805,796	4,259,458	1,453,662
Other financing sources (uses):				
Transfers (out)	(2,820,000)	(3,855,000)	(3,849,000)	6,000
Total other financing sources (uses)	(2,820,000)	(3,855,000)	(3,849,000)	6,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	53,796	(1,049,204)	410,458	1,459,662
Fund balance at beginning of year	10,077,203	10,077,203	10,077,203	-
Fund balance at end of year	\$ 10,130,999	\$ 9,027,999	\$ 10,487,661	\$ 1,459,662

See accompanying notes to the required supplementary information.

City of Centerville, Ohio
 Required Supplementary Information
 Schedule of Revenue, Expenditures, & Changes in Fund Balances -
 Budget and Actual - Budgetary (Non-GAAP) Basis
 Street Construction and Maintenance Fund
 For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 955,000	\$ 955,000	\$ 942,291	\$ (12,709)
Charges for services	3,000	3,000	3,812	812
Interest earned	3,000	3,000	2,910	(90)
Miscellaneous and reimbursements	6,050	6,050	5,500	(550)
Total revenues	<u>967,050</u>	<u>967,050</u>	<u>954,513</u>	<u>(12,537)</u>
Expenditures:				
Current:				
Transportation				
Personal services	1,738,817	1,738,817	1,648,087	90,730
Other expenses	548,824	548,824	492,950	55,874
Total transportation	<u>2,287,641</u>	<u>2,287,641</u>	<u>2,141,037</u>	<u>146,604</u>
Excess (deficiency) of revenues over expenditures	(1,320,591)	(1,320,591)	(1,186,524)	134,067
Other financing sources (uses):				
Transfers in	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(120,591)	(120,591)	13,476	134,067
Fund balance at beginning of year	<u>209,655</u>	<u>209,655</u>	<u>209,655</u>	<u>-</u>
Fund balance at end of year	<u>\$ 89,064</u>	<u>\$ 89,064</u>	<u>\$ 223,131</u>	<u>\$ 134,067</u>

See accompanying notes to the required supplementary information.

City of Centerville, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended December 31, 2010

1. BASIS OF BUDGETING

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

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

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

2. BUDGETARY PROCESS

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

- (1) The County Budget Commission has suspended the requirement to prepare a tax budget. In lieu of the tax budget, about January 1 of each year, the City will submit to the Budget Commission a report of estimated revenue and actual unencumbered cash balances by fund. Thereafter, the County Budget Commission will issue an Official Certificate of Estimated Resources.
- (2) Unencumbered appropriations lapse at year-end. No contract, agreement or other obligation involving the expenditure of money shall be entered into unless the Director of Finance first certifies that the money required for such contract, agreement, obligation or expenditure is in the treasury, or is anticipated to come into the treasury, before the maturity of such contract.
- (3) All funds of the City have annual budgets legally adopted by the City Council. The exception is that when the City receives federal or state grant funds to aid in paying the cost of any program, activity, or function of the City, the amount received is deemed appropriated for such purpose.

The City Manager acts as budget officer for the City and submits a proposed operating budget to the City Council on an annual basis. Public hearings are held to obtain taxpayer comments. The Council enacts the budget through passage of an ordinance. The appropriations ordinance controls expenditures at the department level, which is broken out between personal services and other expenses. The appropriation measure may only be amended or supplemented during the year by

City of Centerville, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended December 31, 2010
(continued)

ordinance of the City Council. The allocation of appropriations among departments and objects within a fund may be modified with approval of the City Manager. Appropriations may not exceed estimated resources. During the year, supplemental appropriations were made. The appropriations and estimated revenue reported within the Schedule of Revenue, Expenditure, and Changes in Fund Balance – Budget and Actual – Budgetary (Non-GAAP) Basis reflect the final appropriations and estimated revenues as approved by City Council and the County Budget Commission, respectively, at December 31, 2010.

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

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

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

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

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

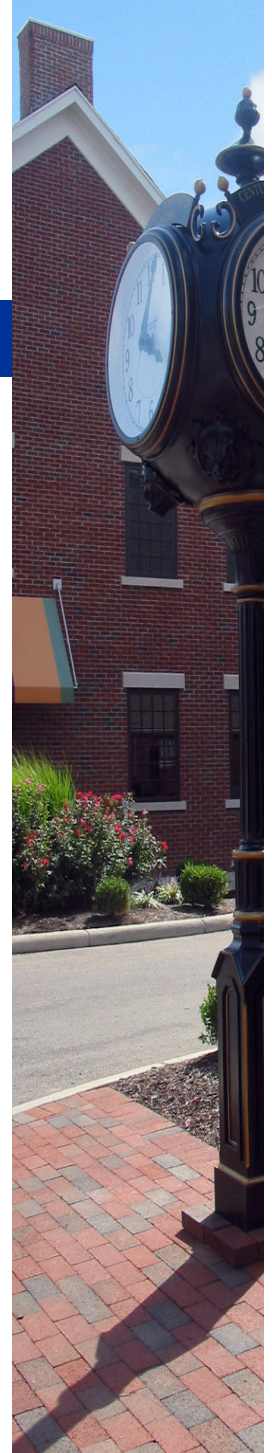
Net Change in Fund Balance

	<u>General Fund</u>	<u>Street Construction and Maintenance Fund</u>
GAAP basis	\$1,306,224	\$ 21,212
Net adjustment for revenue accruals	(419,863)	9,764
Net adjustment for expenditure accruals	(415,145)	19,887
Net adjustment for encumbrances	<u>(60,758)</u>	<u>(37,387)</u>
Budget basis	<u>\$ 410,458</u>	<u>\$ 13,476</u>





Combining Statements & Individual Fund Schedules



City of Centerville, Ohio

Fund Descriptions

Non-Major Special Revenue Funds

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

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

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

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

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

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.

Highway Program-ARRA Fund. A fund provided to account for an American Recovery and Reinvestment Act (ARRA)-funded road project within the City.

Non-Major Debt Service Fund

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

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

Non-Major Capital Projects Funds

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

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.

Internal Service Funds

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

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

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

Agency Fund

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

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

City of Centerville, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$835,480	\$46,991	\$738,489	\$1,620,960
Receivables (Net):				
Intergovernmental	42,750	0	0	42,750
Inventory	2,912	0	0	2,912
Total Assets	881,142	46,991	738,489	1,666,622
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	1,940	0	1,335	3,275
Deferred Revenue	25,580	0	0	25,580
Total Liabilities	27,520	0	1,335	28,855
Fund Balances:				
Reserved for Encumbrances	5,180	0	64,411	69,591
Reserved for Inventory	2,912	0	0	2,912
Reserved for Debt Service	0	46,991	0	46,991
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	845,530	0	0	845,530
Capital Projects Funds	0	0	672,743	672,743
Total Fund Balances	853,622	46,991	737,154	1,637,767
Total Liabilities and Fund Balances	\$881,142	\$46,991	\$738,489	\$1,666,622

City of Centerville, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

	State Highway	Law Enforcement	Enforcement and Education	Drug Law
Assets:				
Equity in Pooled Cash and Investments	\$137,167	\$550,689	\$27,299	\$971
Receivables (Net):				
Intergovernmental	37,203	5,260	287	0
Inventory	2,912	0	0	0
Total Assets	177,282	555,949	27,586	971
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	1,885	0	55	0
Deferred Revenue	25,580	0	0	0
Total Liabilities	27,465	0	55	0
Fund Balances:				
Reserved for Encumbrances	5,180	0	0	0
Reserved for Inventory	2,912	0	0	0
Unreserved, Undesignated, Reported in: Special Revenue Funds	141,725	555,949	27,531	971
Total Fund Balances	149,817	555,949	27,531	971
Total Liabilities and Fund Balances	\$177,282	\$555,949	\$27,586	\$971

Friends of Benham's Grove	Hospital Insurance	Police Operations Project	Highway Program - ARRA	Total Nonmajor Special Revenue Funds
\$13,321	\$37,884	\$68,149	\$0	\$835,480
0	0	0	0	42,750
0	0	0	0	2,912
<u>13,321</u>	<u>37,884</u>	<u>68,149</u>	<u>0</u>	<u>881,142</u>
0	0	0	0	1,940
0	0	0	0	25,580
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>27,520</u>
0	0	0	0	5,180
0	0	0	0	2,912
<u>13,321</u>	<u>37,884</u>	<u>68,149</u>	<u>0</u>	<u>845,530</u>
<u>13,321</u>	<u>37,884</u>	<u>68,149</u>	<u>0</u>	<u>853,622</u>
<u>\$13,321</u>	<u>\$37,884</u>	<u>\$68,149</u>	<u>\$0</u>	<u>\$881,142</u>

City of Centerville, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2010

	Recreational Projects	Capital Equipment Purchase	Special Assessment Improvements	Total Nonmajor Capital Projects Funds
Assets:				
Equity in Pooled Cash and Investments	\$0	\$204,333	\$534,156	\$738,489
Total Assets	<u>0</u>	<u>204,333</u>	<u>534,156</u>	<u>738,489</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	0	1,335	0	1,335
Total Liabilities	<u>0</u>	<u>1,335</u>	<u>0</u>	<u>1,335</u>
Fund Balances:				
Reserved for Encumbrances	0	64,411	0	64,411
Unreserved, Undesignated, Reported in: Capital Projects Funds	0	138,587	534,156	672,743
Total Fund Balances	<u>0</u>	<u>202,998</u>	<u>534,156</u>	<u>737,154</u>
Total Liabilities and Fund Balances	<u>\$0</u>	<u>\$204,333</u>	<u>\$534,156</u>	<u>\$738,489</u>

City of Centerville, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Fines, Licenses & Permits	\$1,590	\$0	\$0	\$1,590
Investment Earnings	8,687	976	9,984	19,647
Intergovernmental	945,218	0	0	945,218
Special Assessments	0	0	8,442	8,442
Other Revenues	40,026	0	0	40,026
Total Revenues	995,521	976	18,426	1,014,923
Expenditures:				
Current:				
General Government	15,514	0	0	15,514
Public Safety	7,651	0	0	7,651
Transportation	635,557	0	0	635,557
Capital Outlay	28,550	0	48,824	77,374
Debt Service:				
Principal	0	123,196	0	123,196
Interest and Other Charges	0	39,521	0	39,521
Total Expenditures	687,272	162,717	48,824	898,813
Excess of Revenues Over (Under) Expenditures	308,249	(161,741)	(30,398)	116,110
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	1,624	1,624
Transfers In	0	165,000	100,000	265,000
Total Other Financing Sources (Uses)	0	165,000	101,624	266,624
Net Change in Fund Balance	308,249	3,259	71,226	382,734
Fund Balance Beginning of Year, Restated	558,354	43,732	665,928	1,268,014
Change in Reserve for Inventory	(12,981)	0	0	(12,981)
Fund Balance End of Year	\$853,622	\$46,991	\$737,154	\$1,637,767

City of Centerville, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Fiscal Year Ended December 31, 2010

	State Highway	Law Enforcement	Enforcement and Education	Drug Law
Revenues:				
Fines, Licenses & Permits	\$0	\$0	\$1,590	\$0
Investment Earnings	1,777	4,677	412	14
Intergovernmental	75,535	293,648	0	0
Other Revenues	0	36,298	2,030	0
Total Revenues	<u>77,312</u>	<u>334,623</u>	<u>4,032</u>	<u>14</u>
Expenditures:				
Current:				
General Government	0	0	0	0
Public Safety	0	1,350	6,301	0
Transportation	59,522	0	0	0
Capital Outlay	0	23,250	0	0
Total Expenditures	<u>59,522</u>	<u>24,600</u>	<u>6,301</u>	<u>0</u>
Net Change in Fund Balance	17,790	310,023	(2,269)	14
Fund Balance Beginning of Year	145,008	245,926	29,800	957
Change in Reserve for Inventory	(12,981)	0	0	0
Fund Balance End of Year	<u>\$149,817</u>	<u>\$555,949</u>	<u>\$27,531</u>	<u>\$971</u>

Friends of Benham's Grove	Hospital Insurance	Police Operations Project	Highway Program - ARRA	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$1,590
244	616	947	0	8,687
0	0	0	576,035	945,218
1,698	0	0	0	40,026
<u>1,942</u>	<u>616</u>	<u>947</u>	<u>576,035</u>	<u>995,521</u>
1,514	14,000	0	0	15,514
0	0	0	0	7,651
0	0	0	576,035	635,557
5,300	0	0	0	28,550
<u>6,814</u>	<u>14,000</u>	<u>0</u>	<u>576,035</u>	<u>687,272</u>
(4,872)	(13,384)	947	0	308,249
18,193	51,268	67,202	0	558,354
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(12,981)</u>
<u>\$13,321</u>	<u>\$37,884</u>	<u>\$68,149</u>	<u>\$0</u>	<u>\$853,622</u>

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
State Highway Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 79,000	\$ 79,000	\$ 76,402	\$ (2,598)
Interest earned	<u>2,500</u>	<u>2,500</u>	<u>1,777</u>	<u>(723)</u>
Total revenues	81,500	81,500	78,179	(3,321)
Expenditures:				
Transportation				
Other expenses	<u>91,844</u>	<u>91,844</u>	<u>65,618</u>	<u>26,226</u>
Total expenditures	91,844	91,844	65,618	26,226
Excess (deficiency) of revenues over expenditures	(10,344)	(10,344)	12,561	22,905
Fund balance at beginning of year	<u>117,542</u>	<u>117,542</u>	<u>117,542</u>	-
Fund balance at end of year	<u>\$ 107,198</u>	<u>\$ 107,198</u>	<u>\$ 130,103</u>	<u>\$ 22,905</u>

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Law Enforcement Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ -	\$ -	\$ 288,388	\$ 288,388
Interest earned	3,000	3,000	4,677	1,677
Miscellaneous and reimbursements	<u>7,000</u>	<u>7,000</u>	<u>36,298</u>	<u>29,298</u>
Total revenues	10,000	10,000	329,363	319,363
Expenditures:				
Public Safety				
Other expenses	<u>15,620</u>	<u>51,620</u>	<u>24,600</u>	<u>27,020</u>
Total expenditures	15,620	51,620	24,600	27,020
Excess (deficiency) of revenues over expenditures	(5,620)	(41,620)	304,763	346,383
Fund balance at beginning of year	<u>245,926</u>	<u>245,926</u>	<u>245,926</u>	-
Fund balance at end of year	<u>\$ 240,306</u>	<u>\$ 204,306</u>	<u>\$ 550,689</u>	<u>\$ 346,383</u>

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Enforcement and Education Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Fines, licenses, and permits	\$ 1,000	\$ 1,000	\$ 1,463	\$ 463
Interest earned	500	500	412	(88)
Miscellaneous and reimbursements	<u>2,500</u>	<u>2,500</u>	<u>2,030</u>	<u>(470)</u>
Total revenues	4,000	4,000	3,905	(95)
Expenditures:				
Public Safety				
Other expenses	<u>10,000</u>	<u>10,000</u>	<u>6,336</u>	<u>3,664</u>
Total expenditures	10,000	10,000	6,336	3,664
Excess (deficiency) of revenues over expenditures	(6,000)	(6,000)	(2,431)	3,569
Fund balance at beginning of year	<u>29,731</u>	<u>29,731</u>	<u>29,731</u>	-
Fund balance at end of year	<u>\$ 23,731</u>	<u>\$ 23,731</u>	<u>\$ 27,300</u>	<u>\$ 3,569</u>

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Drug Law Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 20	\$ 20	\$ 14	\$ (6)
Total revenues	20	20	14	(6)
Expenditures:				
Public Safety				
Other expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	20	20	14	(6)
Fund balance at beginning of year	<u>957</u>	<u>957</u>	<u>957</u>	-
Fund balance at end of year	<u>\$ 977</u>	<u>\$ 977</u>	<u>\$ 971</u>	<u>\$ (6)</u>

City of Centerville, Ohio
 Schedule of Revenue, Expenditures, & Changes in Fund Balances -
 Budget and Actual - Budgetary (Non-GAAP) Basis
 Friends of Benham's Grove Fund
 For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 250	\$ 250	\$ 244	\$ (6)
Miscellaneous and reimbursements	1,700	1,700	1,698	(2)
Total revenues	<u>1,950</u>	<u>1,950</u>	<u>1,942</u>	<u>(8)</u>
Expenditures:				
Recreation				
Other expenses	14,400	14,400	6,814	7,586
Total expenditures	<u>14,400</u>	<u>14,400</u>	<u>6,814</u>	<u>7,586</u>
Excess (deficiency) of revenues over expenditures	(12,450)	(12,450)	(4,872)	7,578
Fund balance at beginning of year	<u>18,194</u>	<u>18,194</u>	<u>18,194</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,744</u>	<u>\$ 5,744</u>	<u>\$ 13,322</u>	<u>\$ 7,578</u>

City of Centerville, Ohio
 Schedule of Revenue, Expenditures, & Changes in Fund Balances -
 Budget and Actual - Budgetary (Non-GAAP) Basis
 Hospital Insurance Fund
 For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 1,200	\$ 1,200	\$ 616	\$ (584)
Total revenues	<u>1,200</u>	<u>1,200</u>	<u>616</u>	<u>(584)</u>
Expenditures:				
General Government				
Personal services	14,000	14,000	14,000	-
Total expenditures	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(12,800)	(12,800)	(13,384)	(584)
Fund balance at beginning of year	<u>51,267</u>	<u>51,267</u>	<u>51,267</u>	<u>-</u>
Fund balance at end of year	<u>\$ 38,467</u>	<u>\$ 38,467</u>	<u>\$ 37,883</u>	<u>\$ (584)</u>

City of Centerville, Ohio
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, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 1,200	\$ 1,200	\$ 947	\$ (253)
Total revenues	<u>1,200</u>	<u>1,200</u>	<u>947</u>	<u>(253)</u>
Expenditures:				
Public Safety				
Other expenses	9,000	9,000	-	9,000
Total expenditures	<u>9,000</u>	<u>9,000</u>	<u>-</u>	<u>9,000</u>
Excess (deficiency) of revenues over expenditures	(7,800)	(7,800)	947	8,747
Fund balance at beginning of year	<u>67,202</u>	<u>67,202</u>	<u>67,202</u>	<u>-</u>
Fund balance at end of year	<u>\$ 59,402</u>	<u>\$ 59,402</u>	<u>\$ 68,149</u>	<u>\$ 8,747</u>

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Highway Program - ARRA
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ 576,035	\$ 576,035	\$ -
Total revenues	<u>-</u>	<u>576,035</u>	<u>576,035</u>	<u>-</u>
Expenditures:				
Transportation				
Other expenses	-	576,035	576,035	-
Total expenditures	<u>-</u>	<u>576,035</u>	<u>576,035</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Unvoted Debt Retirement Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 800	\$ 800	\$ 976	\$ 176
Total revenues	800	800	976	176
Expenditures:				
Debt service	162,717	162,717	162,717	-
Total expenditures	162,717	162,717	162,717	-
Excess (deficiency) of revenues over expenditures	(161,917)	(161,917)	(161,741)	176
Other financing sources (uses):				
Transfers in	165,000	165,000	165,000	-
Total other financing sources (uses)	165,000	165,000	165,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	3,083	3,083	3,259	176
Fund balance at beginning of year	43,732	43,732	43,732	-
Fund balance at end of year	\$ 46,815	\$ 46,815	\$ 46,991	\$ 176

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Special Assessment Debt Retirement Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 7,000	\$ 7,000	\$ 7,674	\$ 674
Special assessments	615,821	615,821	622,338	6,517
Total revenues	622,821	622,821	630,012	7,191
Expenditures:				
Debt service	619,246	619,246	618,846	400
Total expenditures	619,246	619,246	618,846	400
Excess (deficiency) of revenues over expenditures	3,575	3,575	11,166	7,591
Fund balance at beginning of year	301,750	301,750	301,750	-
Fund balance at end of year	\$ 305,325	\$ 305,325	\$ 312,916	\$ 7,591

City of Centerville, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Fiscal Year Ended December 31, 2010

	Recreational Projects	Capital Equipment Purchase	Special Assessment Improvements	Total Nonmajor Capital Projects Funds
Revenues:				
Investment Earnings	\$146	\$2,464	\$7,374	\$9,984
Special Assessments	0	0	8,442	8,442
Total Revenues	146	2,464	15,816	18,426
Expenditures:				
Current:				
Capital Outlay	12,005	36,819	0	48,824
Total Expenditures	12,005	36,819	0	48,824
Excess of Revenues Over (Under) Expenditures	(11,859)	(34,355)	15,816	(30,398)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	1,624	0	1,624
Transfers In	0	100,000	0	100,000
Total Other Financing Sources (Uses)	0	101,624	0	101,624
Net Change in Fund Balance	(11,859)	67,269	15,816	71,226
Fund Balance Beginning of Year	11,859	135,729	518,340	665,928
Fund Balance End of Year	\$0	\$202,998	\$534,156	\$737,154

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Capital Improvements Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 300,715	\$ 300,715	\$ -	\$ (300,715)
Interest earned	80,000	80,000	47,524	(32,476)
Sale of property	-	-	131	131
Miscellaneous and reimbursements	944,526	944,526	348,011	(596,515)
Total revenues	<u>1,325,241</u>	<u>1,325,241</u>	<u>395,666</u>	<u>(929,575)</u>
Expenditures:				
General Government				
Other expenses	<u>6,265,595</u>	<u>6,265,595</u>	<u>4,961,071</u>	<u>1,304,524</u>
Total expenditures	<u>6,265,595</u>	<u>6,265,595</u>	<u>4,961,071</u>	<u>1,304,524</u>
Excess (deficiency) of revenues over expenditures	(4,940,354)	(4,940,354)	(4,565,405)	374,949
Other financing sources (uses):				
Transfers in	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Total other financing sources (uses)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(3,940,354)	(3,940,354)	(3,565,405)	374,949
Fund balance at beginning of year	<u>4,655,226</u>	<u>4,655,226</u>	<u>4,655,226</u>	<u>-</u>
Fund balance at end of year	<u>\$ 714,872</u>	<u>\$ 714,872</u>	<u>\$ 1,089,821</u>	<u>\$ 374,949</u>

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Recreational Projects Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 250	\$ 250	\$ 146	\$ (104)
Total revenues	<u>250</u>	<u>250</u>	<u>146</u>	<u>(104)</u>
Expenditures:				
General Government				
Other expenses	<u>-</u>	<u>12,005</u>	<u>12,005</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>12,005</u>	<u>12,005</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	250	(11,755)	(11,859)	(104)
Fund balance at beginning of year	<u>11,859</u>	<u>11,859</u>	<u>11,859</u>	<u>-</u>
Fund balance at end of year	<u>\$ 12,109</u>	<u>\$ 104</u>	<u>\$ -</u>	<u>\$ (104)</u>

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Capital Equipment Purchase Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 3,000	\$ 3,000	\$ 2,464	\$ (536)
Sale of property	-	-	1,624	1,624
Total revenues	<u>3,000</u>	<u>3,000</u>	4,088	1,088
Expenditures:				
General Government				
Other expenses	<u>150,650</u>	<u>150,650</u>	43,612	107,038
Total expenditures	<u>150,650</u>	<u>150,650</u>	43,612	107,038
Excess (deficiency) of revenues over expenditures	(147,650)	(147,650)	(39,524)	108,126
Other financing sources (uses):				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	-
Total other financing sources (uses)	<u>100,000</u>	<u>100,000</u>	100,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(47,650)	(47,650)	60,476	108,126
Fund balance at beginning of year	<u>143,856</u>	<u>143,856</u>	<u>143,856</u>	-
Fund balance at end of year	<u>\$ 96,206</u>	<u>\$ 96,206</u>	<u>\$ 204,332</u>	<u>\$ 108,126</u>

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Special Assessment Improvements Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 3,000	\$ 3,000	\$ 8,442	\$ 5,442
Interest earned	<u>10,000</u>	<u>10,000</u>	<u>7,374</u>	<u>(2,626)</u>
Total revenues	13,000	13,000	15,816	2,816
Expenditures:				
General Government				
Other expenses	<u>1,000</u>	<u>1,000</u>	-	1,000
Total expenditures	<u>1,000</u>	<u>1,000</u>	-	1,000
Excess (deficiency) of revenues over expenditures	12,000	12,000	15,816	3,816
Fund balance at beginning of year	<u>518,342</u>	<u>518,342</u>	<u>518,342</u>	-
Fund balance at end of year	<u>\$ 530,342</u>	<u>\$ 530,342</u>	<u>\$ 534,158</u>	<u>\$ 3,816</u>

City of Centerville, Ohio
Combining Statement of Net Assets
Internal Service Funds
December 31, 2010

	Central Vehicle Purchase	Insurance Deductible	Total Internal Service Funds
Current Assets:			
Equity in Pooled Cash and Investments	\$794,909	\$81,549	\$876,458
Receivables (Net):			
Accounts	0	106	106
Total Current Assets	<u>794,909</u>	<u>81,655</u>	<u>876,564</u>
Depreciable Capital Assets, Net	<u>1,137,545</u>	<u>0</u>	<u>1,137,545</u>
Total Noncurrent Assets	<u>1,137,545</u>	<u>0</u>	<u>1,137,545</u>
Total Assets	<u>1,932,454</u>	<u>81,655</u>	<u>2,014,109</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	250	1,096	1,346
Total Liabilities	<u>250</u>	<u>1,096</u>	<u>1,346</u>
Net Assets:			
Invested in Capital Assets	1,137,545	0	1,137,545
Unrestricted	<u>794,659</u>	<u>80,559</u>	<u>875,218</u>
Total Net Assets	<u>\$1,932,204</u>	<u>\$80,559</u>	<u>\$2,012,763</u>

City of Centerville, Ohio
Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended December 31, 2010

	Central Vehicle Purchase	Insurance Deductible	Total Internal Service Funds
Operating Revenues:			
Charges for Services	\$348,570	\$0	\$348,570
Other Revenues	0	4,325	4,325
Total Operating Revenues	<u>348,570</u>	<u>4,325</u>	<u>352,895</u>
Operating Expenses:			
Purchased Services	0	13,073	13,073
Other Expenses	0	25,080	25,080
Depreciation	317,001	0	317,001
Total Operating Expenses	<u>317,001</u>	<u>38,153</u>	<u>355,154</u>
Operating Income (Loss)	<u>31,569</u>	<u>(33,828)</u>	<u>(2,259)</u>
Non-Operating Revenues (Expenses):			
Investment Earnings	13,148	1,224	14,372
Gain (Loss) on Disposal of Capital Assets	12,600	0	12,600
Total Non-Operating Revenues (Expenses)	<u>25,748</u>	<u>1,224</u>	<u>26,972</u>
Change in Net Assets	57,317	(32,604)	24,713
Net Assets Beginning of Year	<u>1,874,887</u>	<u>113,163</u>	<u>1,988,050</u>
Net Assets End of Year	<u>\$1,932,204</u>	<u>\$80,559</u>	<u>\$2,012,763</u>

City of Centerville, Ohio
Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended December 31, 2010

	Central Vehicle Purchase	Insurance Deductible	Total Internal Service Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$308,740	\$4,756	\$313,496
Cash Payments to Suppliers	(3,033)	(40,957)	(43,990)
Net Cash Provided (Used) by Operating Activities	305,707	(36,201)	269,506
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(505,478)	0	(505,478)
Proceeds on the Disposal of Capital Assets	12,600	0	12,600
Net Cash Provided (Used) by Capital and Related Financing Activities	(492,878)	0	(492,878)
Cash Flows from Investing Activities:			
Earnings on Investments	13,148	1,224	14,372
Net Cash Provided (Used) by Cash Flows from Investing Activities	13,148	1,224	14,372
Net Increase (Decrease) in Cash and Cash Equivalents	(174,023)	(34,977)	(209,000)
Cash and Cash Equivalents Beginning of Year	968,932	116,526	1,085,458
Cash and Cash Equivalents End of Year	794,909	81,549	876,458
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	31,569	(33,828)	(2,259)
Adjustments:			
Depreciation	317,001	0	317,001
Changes in Assets & Liabilities:			
(Increase) Decrease in Receivables	0	431	431
Increase (Decrease) in Payables	(42,863)	(2,804)	(45,667)
Net Cash Provided (Used) by Operating Activities	\$305,707	(\$36,201)	\$269,506

City of Centerville, Ohio
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended December 31, 2010

	Agency Fund			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$77,035	\$265,442	\$241,000	\$101,477
Receivables (Net):				
Intergovernmental	3,725	0	3,725	0
Prepaid Items	0	2,444	0	2,444
Total Assets	80,760	267,886	244,725	103,921
Liabilities:				
Accounts Payable	53,300	4,884	53,300	4,884
Undistributed Monies	27,460	263,002	191,425	99,037
Total Liabilities	\$80,760	\$267,886	\$244,725	\$103,921





Statistical Section



City of Centerville, Ohio
Statistical Section

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

Contents

Financial Trends (Schedules 1-4)

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

Revenue Capacity (Schedules 5-6)

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

Debt Capacity (Schedules 7-8)

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

Economic and Demographic Information (Schedules 9-10)

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

Operating Information (Schedules 11-13)

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

Sources

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



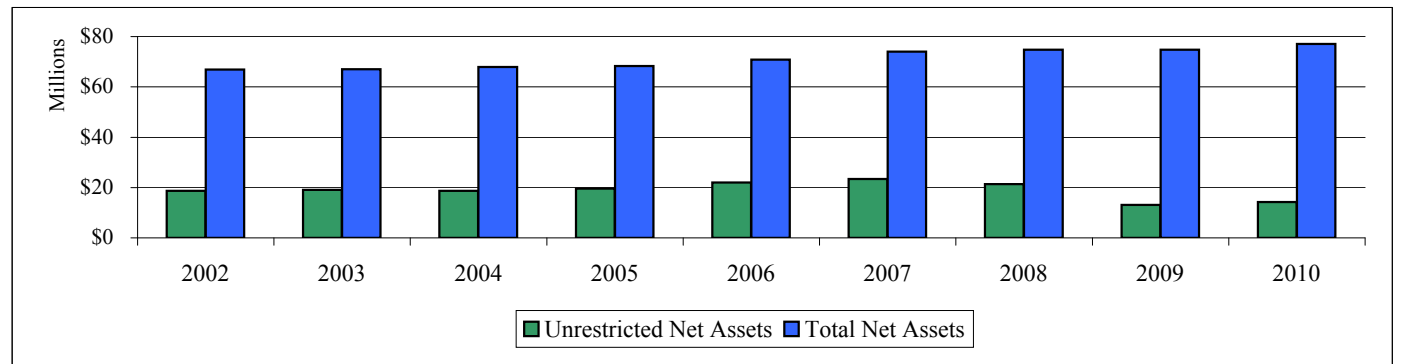
Schedule 1

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities:									
Invested in capital assets, net of related debt	\$ 12,070,026	\$ 12,654,880	\$ 14,431,202	\$ 14,775,382	\$ 15,524,569	\$ 17,894,980	\$ 19,613,962	\$ 24,604,731	\$ 40,098,262
Restricted for:									
Debt service	16,151,025	15,546,088	14,916,292	14,306,322	13,690,958	13,093,661	13,763,510	12,838,506	11,317,869
Capital projects	0	0	0	0	0	0	0	4,279,014	2,508,376
Other purposes	585,801	574,908	751,436	603,476	766,613	947,245	1,183,477	1,259,487	1,447,734
Unrestricted	17,907,057	18,481,736	18,224,011	19,211,760	21,559,415	22,839,677	21,085,466	12,788,888	13,822,659
Total governmental activities net assets	46,713,909	47,257,612	48,322,941	48,896,940	51,541,555	54,775,563	55,646,415	55,770,626	69,194,900
Business-type activities:									
Invested in capital assets, net of related debt	19,450,350	19,150,434	19,182,647	19,032,210	18,882,237	18,703,791	18,902,761	18,746,671	6,192,798
Restricted for:									
Debt service	0	0	0	0	0	0	0	0	1,291,866
Unrestricted	745,395	656,116	440,828	342,297	439,425	604,615	292,921	251,398	421,897
Total business-type activities net assets	20,195,745	19,806,550	19,623,475	19,374,507	19,321,662	19,308,406	19,195,682	18,998,069	7,906,561
Total									
Invested in capital assets, net of related debt	31,520,376	31,805,314	33,613,849	33,807,592	34,406,806	36,598,771	38,516,723	43,351,402	46,291,060
Restricted for:									
Debt service	16,151,025	15,546,088	14,916,292	14,306,322	13,690,958	13,093,661	13,763,510	12,838,506	12,609,735
Capital projects	0	0	0	0	0	0	0	4,279,014	2,508,376
Other purposes	585,801	574,908	751,436	603,476	766,613	947,245	1,183,477	1,259,487	1,447,734
Unrestricted	18,652,452	19,137,852	18,664,839	19,554,057	21,998,840	23,444,292	21,378,387	13,040,286	14,244,556
Total net assets	\$ 66,909,654	\$ 67,064,162	\$ 67,946,416	\$ 68,271,447	\$ 70,863,217	\$ 74,083,969	\$ 74,842,097	\$ 74,768,695	\$ 77,101,461

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Source: City of Centerville, Ohio, Finance Department



Schedule 2

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Expenses									
Governmental activities:									
General government	\$ 5,711,155	\$ 5,233,702	\$ 4,280,576	\$ 4,874,691	\$ 4,654,614	\$ 5,654,478	\$ 5,058,930	\$ 5,325,348	\$ 4,527,738
Public safety	6,501,600	5,067,412	5,296,904	5,478,545	5,760,988	5,929,666	6,696,189	6,380,789	6,453,724
Community environment	230,450	226,539	225,372	236,856	258,913	269,732	279,440	318,856	311,971
Recreation	304,430	337,779	371,276	374,091	460,627	340,320	346,219	449,597	305,028
Transportation	2,904,500	3,132,375	3,158,165	3,331,467	3,515,160	3,564,160	3,755,978	3,810,418	4,605,002
Cost of lots	171,111	0	0	0	0	0	0	0	0
Interest and other charges	1,427,377	1,058,305	1,260,351	1,233,977	1,207,117	1,180,046	1,166,734	1,122,739	404,629
Total governmental activities expenses	17,250,623	15,056,112	14,592,644	15,529,627	15,857,419	16,938,402	17,303,490	17,407,747	16,608,092
Business-type activities:									
Waste collection	1,127,309	1,232,981	1,242,631	1,301,490	1,205,575	1,231,440	1,313,378	1,269,212	1,373,087
Golf course*	3,765,614	3,924,753	3,957,023	3,772,661	4,030,721	4,036,938	4,068,620	3,912,575	3,878,151
Golf course equipment purchases*	113,205	126,307	162,761	127,381	150,057	134,794	23,874	264,021	0
Total business-type activities expenses	5,006,128	5,284,041	5,362,415	5,201,532	5,386,353	5,403,172	5,405,872	5,445,808	5,251,238
Total expenses	\$ 22,256,751	\$ 20,340,153	\$ 19,955,059	\$ 20,731,159	\$ 21,243,772	\$ 22,341,574	\$ 22,709,362	\$ 22,853,555	\$ 21,859,330
Program revenues									
Governmental activities:									
General government	\$ 2,783,330	\$ 1,049,807	\$ 1,085,680	\$ 1,269,645	\$ 1,616,115	\$ 2,563,768	\$ 1,899,923	\$ 1,807,830	\$ 1,142,745
Public safety	328,366	208,623	243,912	257,037	284,350	220,194	183,639	115,415	446,149
Community environment	27,710	100,120	200,857	100	0	100	0	0	0
Recreation	183,936	122,699	183,670	165,080	215,775	154,566	137,681	142,969	151,487
Transportation	982,373	1,076,721	1,145,370	1,225,852	1,151,774	1,324,464	1,094,854	990,740	1,512,741
Total governmental activities program revenues	4,305,715	2,557,970	2,859,489	2,917,714	3,268,014	4,263,092	3,316,097	3,056,954	3,253,122
Business-type activities:									
Waste collection	1,064,883	1,083,707	1,098,132	1,115,830	1,327,914	1,335,906	1,364,427	1,355,461	1,349,642
Golf course*	3,392,328	3,500,997	3,476,082	3,285,079	3,423,346	3,805,475	3,632,659	3,513,628	3,647,031
Golf course equipment purchases*	94,740	119,600	120,200	129,370	129,460	101,637	148,740	205,266	0
Total business-type activities program revenues	4,551,951	4,704,304	4,694,414	4,530,279	4,880,720	5,243,018	5,145,826	5,074,355	4,996,673
Total program revenues	\$ 8,857,666	\$ 7,262,274	\$ 7,553,903	\$ 7,447,993	\$ 8,148,734	\$ 9,506,110	\$ 8,461,923	\$ 8,131,309	\$ 8,249,795

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

Schedule 2 (continued)

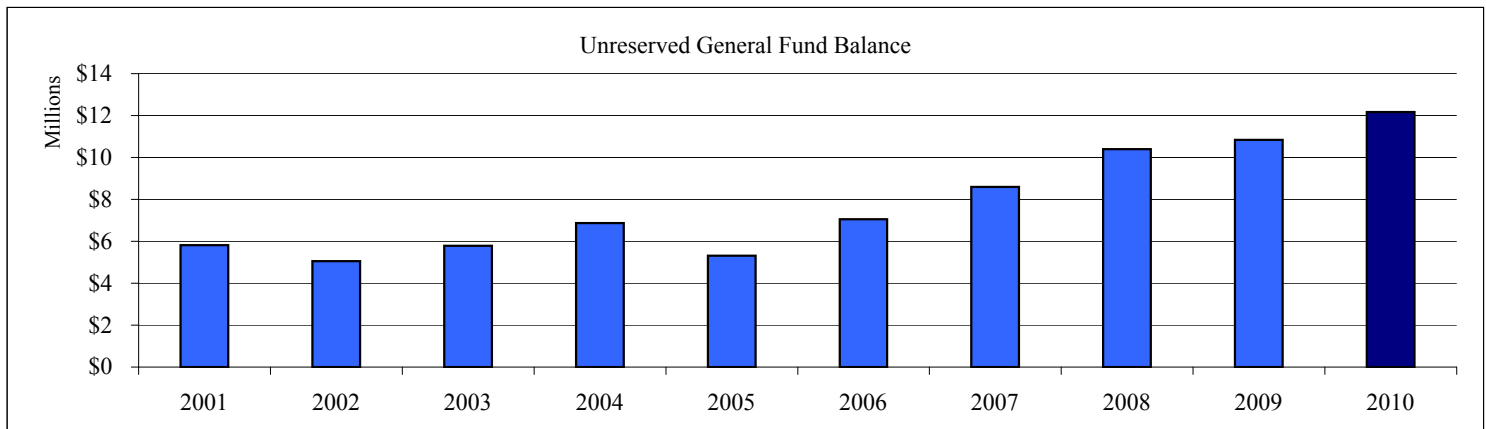
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net (Expense) Revenue									
Governmental activities:									
General government	\$ (2,927,825)	\$ (4,183,895)	\$ (3,194,896)	\$ (3,605,046)	\$ (3,038,499)	\$ (3,090,710)	\$ (3,159,007)	\$ (3,517,518)	\$ (3,384,993)
Public safety	(6,173,234)	(4,858,789)	(5,052,992)	(5,221,508)	(5,476,638)	(5,709,472)	(6,512,550)	(6,265,374)	(6,007,575)
Community environment	(202,740)	(126,419)	(24,515)	(236,756)	(258,913)	(269,632)	(279,440)	(318,856)	(311,971)
Recreation	(120,494)	(215,080)	(187,606)	(209,011)	(244,852)	(185,754)	(208,538)	(306,628)	(153,541)
Transportation	(1,922,127)	(2,055,654)	(2,012,795)	(2,105,615)	(2,363,386)	(2,239,696)	(2,661,124)	(2,819,678)	(3,092,261)
Cost of lots	(171,111)	0	0	0	0	0	0	0	0
Interest and other charges	(1,427,377)	(1,058,305)	(1,260,351)	(1,233,977)	(1,207,117)	(1,180,046)	(1,166,734)	(1,122,739)	(404,629)
Total governmental activities	(12,944,908)	(12,498,142)	(11,733,155)	(12,611,913)	(12,589,405)	(12,675,310)	(13,987,393)	(14,350,793)	(13,354,970)
Business-type activities:									
Waste collection	(62,426)	(149,274)	(144,499)	(185,660)	122,339	104,466	51,049	86,249	(23,445)
Golf course*	(373,286)	(423,756)	(480,941)	(487,582)	(607,375)	(231,463)	(435,961)	(398,947)	(231,120)
Golf course equipment purchases*	(18,465)	(6,707)	(42,561)	1,989	(20,597)	(33,157)	124,866	(58,755)	0
Total business-type activities	(454,177)	(579,737)	(668,001)	(671,253)	(505,633)	(160,154)	(260,046)	(371,453)	(254,565)
Total Net Expense	\$ (13,399,085)	\$ (13,077,879)	\$ (12,401,156)	\$ (13,283,166)	\$ (13,095,038)	\$ (12,835,464)	\$ (14,247,439)	\$ (14,722,246)	\$ (13,609,535)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes:									
Income taxes	\$ 8,879,241	\$ 9,236,374	\$ 9,590,830	\$ 10,166,320	\$ 10,173,958	\$ 10,631,431	\$ 10,727,974	\$ 10,675,126	\$ 11,044,385
Property taxes	1,091,953	1,284,929	1,135,886	1,219,582	1,412,800	1,425,970	1,408,488	1,422,543	1,375,916
Estate taxes	1,268,383	963,872	983,949	843,903	1,361,063	1,372,484	1,797,828	954,495	1,602,523
Unrestricted Grants and contributions	843,798	943,425	870,889	875,005	900,997	970,556	828,058	1,092,388	1,605,345
Investment earnings	717,046	131,640	546,099	367,854	950,724	1,317,758	843,798	280,848	142,867
Gain on sale/disposal of capital assets	865,775	600,529	58,970	84,359	65,752	2,400	0	0	0
Miscellaneous	120,539	116,076	11,861	38,889	41,404	288,719	112,576	199,604	137,595
Special item: insurance settlement	0	0	0	0	777,322	0	0	0	0
Transfers	(183,000)	(235,000)	(400,000)	(410,000)	(450,000)	(100,000)	(97,500)	(150,000)	(1,384,000)
Total governmental activities	13,603,735	13,041,845	12,798,484	13,185,912	15,234,020	15,909,318	15,621,222	14,475,004	14,524,631
Business-type activities:									
Unrestricted Grants and contributions	0	0	63,126	0	0	0	0	0	0
Investment earnings	38,766	4,088	21,800	8,961	20,703	46,898	44,820	13,314	27,234
Gain on sale/disposal of capital assets	52,177	(48,546)	0	3,324	(17,915)	0	5,002	10,526	6,436
Transfers	183,000	235,000	400,000	410,000	450,000	100,000	97,500	150,000	1,384,000
Total business-type activities	273,943	190,542	484,926	422,285	452,788	146,898	147,322	173,840	1,417,670
Total	\$ 13,877,678	\$ 13,232,387	\$ 13,283,410	\$ 13,608,197	\$ 15,686,808	\$ 16,056,216	\$ 15,768,544	\$ 14,648,844	\$ 15,942,301
Changes in Net Assets									
Governmental activities	\$ 658,827	\$ 543,703	\$ 1,065,329	\$ 573,999	\$ 2,644,615	\$ 3,234,008	\$ 1,633,829	\$ 124,211	\$ 1,169,661
Business-type activities	(180,234)	(389,195)	(183,075)	(248,968)	(52,845)	(13,256)	(112,724)	(197,613)	1,163,105
Total	\$ 478,593	\$ 154,508	\$ 882,254	\$ 325,031	\$ 2,591,770	\$ 3,220,752	\$ 1,521,105	\$ (73,402)	\$ 2,332,766

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

Schedule 3

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved for:										
Inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,533	\$ 3,136	\$ -	\$ 791
Prepaid items	89,766	156,872	173,289	110,501	78,761	84,715	88,062	81,635	85,150	83,776
Land held for investments	171,111	0	0	0	0	0	0	0	0	0
Encumbrances	119,715	232,050	75,524	0	176,976	67,267	114,705	106,592	15,333	0
Unreserved	5,812,789	5,059,946	5,780,314	6,864,596	5,312,952	7,051,787	8,594,722	10,389,316	10,838,298	12,161,229
Total general fund	\$ 6,193,381	\$ 5,448,868	\$ 6,029,127	\$ 6,975,097	\$ 5,568,689	\$ 7,203,769	\$ 8,800,022	\$10,580,679	\$10,938,781	\$12,245,796
All Other Governmental Funds										
Reserved for:										
Debt service	\$ 2,639,475	\$ 3,026,656	\$ 3,811,660	\$ 3,353,264	\$ 2,940,581	\$ 2,685,894	\$ 2,423,733	\$ 2,113,822	\$ 1,782,169	\$ 359,907
Inventory	57,528	58,572	56,438	35,120	44,028	81,972	86,853	93,499	105,955	27,112
Prepaid items	23,599	22,437	23,497	12,619	15,133	16,091	15,498	20,888	16,818	17,155
Encumbrances	1,285,332	1,412,821	1,410,046	383,776	741,090	1,307,557	1,298,441	1,301,681	2,590,922	564,779
Unreserved, reported in:										
Designated for capital projects	1,000,000	2,000,000	3,000,000	4,000,000	5,000,000	6,000,000	6,000,000	6,000,000	0	0
Special revenue funds	609,854	838,277	686,461	902,768	694,918	848,605	1,014,034	715,552	830,407	1,146,445
Debt service funds	0	0	0	0	0	0	0	0	0	588,674
Capital projects funds	4,223,035	4,496,294	2,489,212	1,749,357	3,055,995	2,799,194	2,287,572	1,092,947	1,629,839	1,938,885
Total all other governmental funds	\$ 9,838,823	\$11,855,057	\$11,477,314	\$10,436,904	\$12,491,745	\$13,739,313	\$13,126,131	\$11,338,389	\$ 6,956,110	\$ 4,642,957



Schedule 4

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

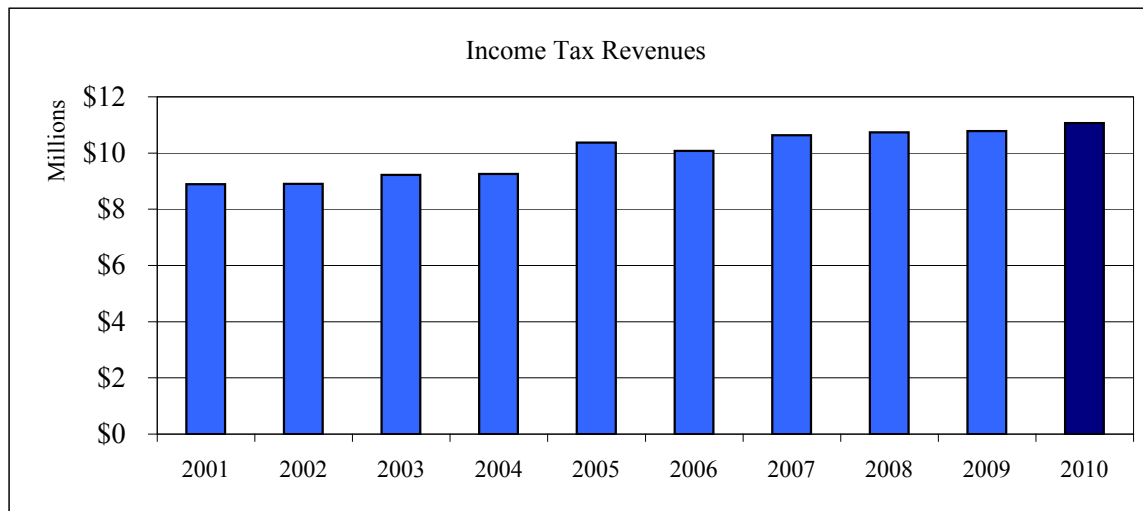
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Revenues:										
Local taxes	\$ 11,287,865	\$ 11,408,207	\$ 11,625,368	\$ 11,898,470	\$ 11,281,802	\$ 11,672,492	\$ 11,805,299	\$ 12,141,850	\$ 12,205,328	\$ 12,415,470
Intergovernmental revenue	2,441,947	2,560,085	1,940,402	2,329,184	3,230,729	4,069,897	5,261,646	4,579,295	3,859,680	5,691,747
Special assessments	611,861	657,154	667,587	637,844	650,196	631,384	626,432	639,090	611,434	653,430
Charges for services	30,925	44,870	26,269	36,621	42,539	45,898	52,126	56,023	244,532	286,024
Fines, licenses and permits	320,574	288,950	310,452	323,679	263,954	321,698	283,277	233,597	193,744	239,551
Investment income	562,189	717,045	94,140	520,173	368,414	922,811	1,292,551	899,298	245,371	188,225
Lot sales	1,091,792	865,775	646,128	52,963	84,359	25,752	0	0	0	0
Rent	592,100	592,902	728,240	824,160	829,570	819,045	819,395	824,253	826,908	0
Other revenue	446,001	325,012	314,790	243,138	256,104	1,124,521	523,943	289,502	194,941	475,595
Total revenues	17,385,254	17,460,000	16,353,376	16,866,232	17,007,667	19,633,498	20,664,669	19,662,908	18,381,938	19,950,042
Expenditures:										
Current:										
General government	4,196,468	4,261,860	4,675,143	4,174,281	4,622,845	4,525,068	4,746,269	4,828,726	4,994,283	4,357,833
Public safety	4,288,344	4,736,661	4,916,423	5,119,241	5,196,048	5,570,795	5,714,067	6,294,673	5,983,254	6,060,143
Community environment	222,035	228,481	229,265	223,763	222,122	251,189	268,817	275,363	311,352	289,572
Recreation	360,426	353,670	339,476	473,920	323,295	418,667	283,056	284,971	398,661	251,645
Transportation	1,346,245	1,458,064	1,584,698	1,590,739	1,663,746	1,782,635	1,913,893	2,174,233	2,167,538	2,759,094
Cost of lots	465,350	171,111	0	0	0	0	0	0	0	0
Capital outlay	9,791,204	3,427,992	2,953,958	2,820,757	2,243,254	1,667,499	4,547,690	3,691,297	6,307,488	4,179,368
Debt service:										
Principal	522,787	588,464	349,293	944,382	970,653	964,507	976,706	1,010,299	1,057,956	352,196
Interest and other charges	1,241,855	1,428,976	1,073,865	1,213,589	1,187,271	1,160,490	1,133,500	1,111,923	1,068,124	396,992
Total expenditures	22,434,714	16,655,279	16,122,121	16,560,672	16,429,234	16,340,850	19,583,998	19,671,485	22,288,656	18,646,843
Excess (deficiency) of revenues Over (Under) expenditures	(5,049,460)	804,721	231,255	305,560	578,433	3,292,648	1,080,671	(8,577)	(3,906,718)	1,303,199
Other Financing Sources (Uses):										
Transfers in	5,619,155	5,374,093	2,600,000	2,350,000	4,500,000	2,525,000	2,625,000	2,700,000	2,919,501	2,465,000
Issuance of bonds	4,405,000	650,000	206,261	0	0	0	0	0	0	0
Sale of capital assets	0	0	0	0	480,000	40,000	2,400	21,825	23,221	1,755
Transfers out	(5,825,155)	(5,557,093)	(2,835,000)	(2,750,000)	(4,910,000)	(2,975,000)	(2,725,000)	(2,797,500)	(3,069,501)	(3,849,000)
Total other financing sources (uses)	4,199,000	467,000	(28,739)	(400,000)	70,000	(410,000)	(97,600)	(75,675)	(126,779)	(1,382,245)
Net change in fund balances	\$ (850,460)	\$ 1,271,721	\$ 202,516	\$ (94,440)	\$ 648,433	\$ 2,882,648	\$ 983,071	\$ (84,252)	\$ (4,033,497)	\$ (79,046)
Debt service as a percentage of noncapital expenditures	14.49%	15.45%	10.81%	15.71%	15.21%	14.48%	14.03%	13.28%	13.30%	5.18%

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

Collection Year	Individual		Net Profits	Total	Income Tax Rate
	Withheld by Employer	Non-Withholding			
2001	\$ 6,410,823	\$ 1,782,484	\$ 702,248	\$ 8,895,555	1.75%
2002	6,269,119	1,811,472	818,649	8,899,240	1.75%
2003	6,540,595	1,890,745	785,037	9,216,377	1.75%
2004	6,514,163	1,871,115	865,552	9,250,830	1.75%
2005	6,943,943	2,195,418	1,226,959	10,366,320	1.75%
2006	6,835,183	2,012,139	1,226,857	10,074,179	1.75%
2007	7,463,667	1,969,654	1,197,889	10,631,210	1.75%
2008	7,430,109	2,097,410	1,205,843	10,733,362	1.75%
2009	7,447,029	2,034,358	1,301,398	10,782,785	1.75%
2010	7,659,730	2,014,851	1,396,973	11,071,554	1.75%

Source: City of Centerville, Ohio, Finance Department

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



**City of Centerville, Ohio
 Ranking of Top Ten Income Tax Withholders
 Current Year and Nine Years Ago
 (cash basis of accounting)**

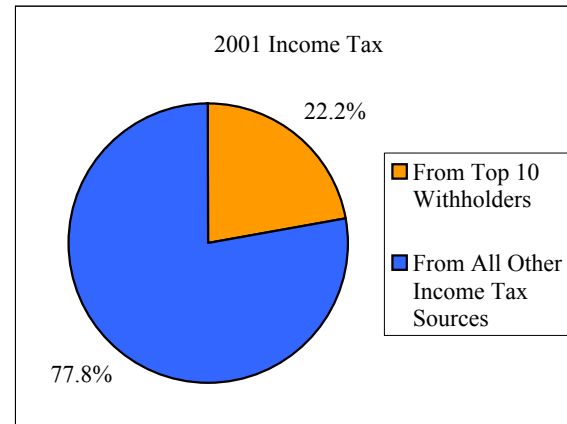
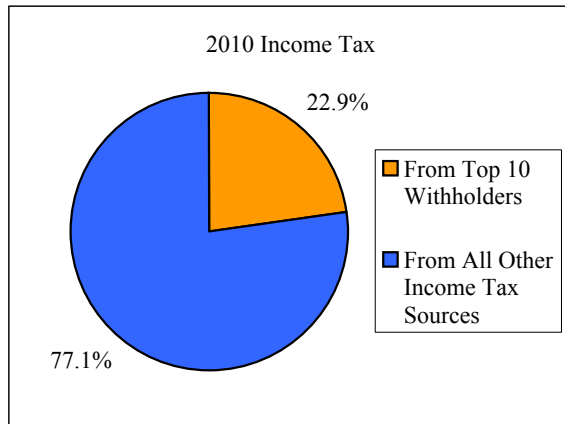
2010		2001		
Rank	Name	Rank	Rank	Name
1	Centerville Board of Education	1	1	Centerville Board of Education
2	Federal Government	2	2	Federal Government
3	Graceworks Lutheran Services ⁽¹⁾	3	3	Lutheran Social Services (1)
4	Reed Elsevier, Inc.	4	4	Reed Elsevier, Inc.
5	City of Centerville	7	5	Voss Auto Network, Inc.
6	Miami Valley Hospital	-	6	United Healthcare Services, Inc.
7	Voss Auto Network, Inc.	5	7	City of Centerville
8	Franciscan at St. Leonard	-	8	Bob Ross Buick, Inc.
9	Fortis College	8	9	Franciscan at St. Leonard
10	Huffy Corporation	-	10	Ikon Office Solutions

Combined percentage of total income taxes:
 22.9%

Combined percentage of total income taxes:
 22.2%

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

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



Schedule 7

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Obligation Bonds	\$ 18,365,000	\$ 17,970,000	\$ 19,125,000	\$ 18,405,000	\$ 17,665,000	\$ 16,910,000	\$ 16,145,000	\$ 15,355,000	\$ 14,530,000	\$ 13,680,000
Percent of estimated actual property value	3.72%	3.58%	3.41%	3.22%	2.97%	2.64%	2.50%	2.37%	2.21%	2.06%
Per capita	\$798	\$780	\$828	\$796	\$763	\$734	\$699	\$665	\$634	\$570
Special Assessment Bonds	7,460,000	7,951,000	7,776,000	7,586,000	7,391,000	7,187,000	6,981,000	6,782,000	6,568,000	6,339,000
Promissory Notes	0	0	0	0	0	0	0	814,034	795,078	756,882
Total Outstanding Bonds	\$ 25,825,000	\$ 25,921,000	\$ 26,901,000	\$ 25,991,000	\$ 25,056,000	\$ 24,097,000	\$ 23,126,000	\$ 22,951,034	\$ 21,893,078	\$ 20,775,882
Percent of personal income	3.71%	3.72%	3.86%	3.72%	3.58%	3.46%	3.31%	3.19%	3.19%	2.87%
Per capita	\$1,122	\$1,125	\$1,165	\$1,124	\$1,082	\$1,046	\$1,001	\$994	\$956	\$866
Total Outstanding Bonds	\$ 25,825,000	\$ 25,921,000	\$ 26,901,000	\$ 25,991,000	\$ 25,056,000	\$ 24,097,000	\$ 23,126,000	\$ 22,951,034	\$ 21,893,078	\$ 20,775,882
Less debt not subject to limitation:										
General Obligation Bonds issued in anticipation of the collection	(18,365,000)	(17,970,000)	(19,125,000)	(18,405,000)	(17,665,000)	(16,910,000)	(16,145,000)	(15,355,000)	(14,530,000)	(13,680,000)
Special Assessment Bonds issued in anticipation of the collection	(7,460,000)	(7,951,000)	(7,776,000)	(7,586,000)	(7,391,000)	(7,187,000)	(6,981,000)	(6,782,000)	(6,568,000)	(6,339,000)
Net debt within limitations for both Voted and Unvoted debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$ 814,034	\$ 795,078	\$ 756,882
Debt limitation for both Voted and Unvoted debt 10.5% of assessed valuation	\$ 51,904,981	\$ 52,671,625	\$ 58,804,072	\$ 60,063,054	\$ 62,375,359	\$ 67,269,389	\$ 67,864,813	\$ 68,043,973	\$ 69,005,034	\$ 69,673,830
Legal Debt Margin within 10.5% limitation	\$ 51,904,981	\$ 52,671,625	\$ 58,804,072	\$ 60,063,054	\$ 62,375,359	\$ 67,269,389	\$ 67,864,813	\$ 67,229,939	\$ 68,209,956	\$ 68,916,948
Net debt within limitations for both Voted and Unvoted debt as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.20%	1.15%	1.09%
Debt limitation for Unvoted debt 5.5% of assessed valuation	\$ 27,188,323	\$ 27,589,899	\$ 30,802,133	\$ 31,461,600	\$ 32,672,807	\$ 35,236,346	\$ 35,548,235	\$ 35,642,081	\$ 36,145,494	\$ 36,495,816
Legal Debt Margin within 5-1/2% limitation	\$ 27,188,323	\$ 27,589,899	\$ 30,802,133	\$ 31,461,600	\$ 32,672,807	\$ 35,236,346	\$ 35,548,235	\$ 34,828,047	\$ 35,350,416	\$ 35,738,934
Net debt within limitations for Unvoted debt as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.28%	2.20%	2.07%

Source: City of Centerville, Ohio, Finance Department

Schedule 8

City of Centerville, Ohio
Direct and Overlapping General Obligation Debt
As of December 31, 2010

Jurisdiction	Net Debt Outstanding	Percentage Applicable To City	Amount Applicable To City of Centerville
Direct:			
City of Centerville	\$ 13,680,000	100.00%	\$ 13,680,000
Overlapping:			
Centerville City School District	61,560,000	38.17%	23,497,452
Centerville-Washington Park District	965,000	38.20%	368,630
Montgomery County	6,230,980	6.44%	401,275
Miami Valley Regional Transit Authority	1,795,000	6.44%	<u>115,598</u>
		Subtotal - Overlapping	24,382,955
Total Direct and Overlapping Debt			<u><u>\$ 38,062,955</u></u>

Source: Ohio Municipal Advisory Council

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

Year	Population (1)(a)	Per Capita Income (1)(b)	Personal Income	School Enrollment (2)	Unemployment Rate Montgomery County (3)	Total Assessed Property Value (4)
2001	23,025	\$30,210	\$695,585,250	7,419	5.2%	\$494,333,152
2002	23,045	30,210	696,189,450	7,821	5.7%	501,634,521
2003	23,092	30,210	697,609,320	8,055	5.7%	560,038,783
2004	23,122	30,210	698,515,620	8,156	6.3%	572,029,090
2005	23,162	30,210	699,724,020	8,170	5.6%	594,051,037
2006	23,046	30,210	696,219,660	8,197	5.6%	640,660,845
2007	23,100	30,210	697,851,000	8,336	6.2%	646,331,552
2008	22,937	30,210	692,926,770	8,395	7.4%	648,037,838
2009	22,904	30,210	691,929,840	8,390	12.8%	657,190,800
2010	23,999	30,210	725,009,790	8,416	10.0%	663,560,290

Source: (1) U.S. Census Bureau Population Division
 (a) For years 2001-2009, population listed is from the Census estimates; population for 2010 is from the 2010 Census.
 (b) For years 2001-2009, per capita income is from the 2000 Census. For 2010, per capita income is from the 2000 Census since the 2010 Census data for per capita income is not available.

(2) Centerville City School District Board of Education

(3) Ohio Department of Job and Family Services (rate for December of each year)

(4) Montgomery County Auditor

**City of Centerville, Ohio
Principal Employers
Current Year and Nine Years Ago**

Employer	2010		2001	
	Approximate Number of Employees (Full-time and Part-time)	Rank	Approximate Number of Employees (Full-time and Part-time)	Rank
Centerville Board of Education ⁽¹⁾	1,550	1	1,350	1
Graceworks Lutheran Services ⁽²⁾	850	2	775	2
Franciscan at St. Leonard	450	3	475	3
Miami Valley Hospital South (campus-wide)	400	4	-	-
Fortis College ⁽³⁾	325	5	125	10
Kroger	300	6	400	4
City of Centerville	275	7	375	5
Voss Auto Network	225	8	275	7
Elder Beerman Department Stores	150	9	350	6
Bob Ross Buick	100	10	175	9

Source: City of Centerville, Economic Development Department

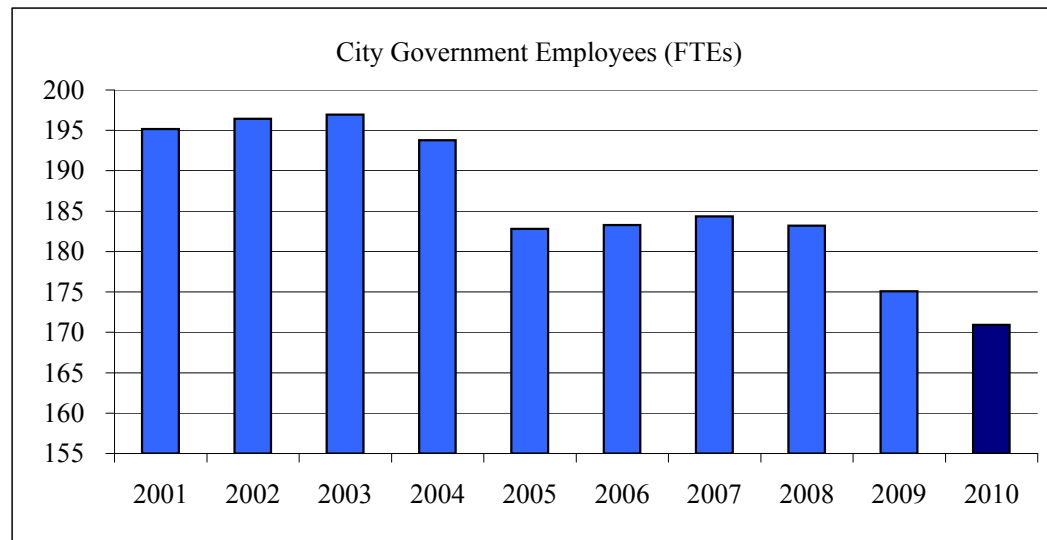
Note:

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

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

Function	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General government	29.35	29.80	30.45	30.55	31.55	30.75	30.55	29.40	29.35	29.22
Public safety	54.50	55.75	56.25	56.25	56.00	56.60	57.60	56.10	55.10	55.10
Community environment	4.00	4.00	3.75	3.75	3.75	3.60	3.60	3.60	4.00	4.00
Recreation	3.80	3.90	4.00	4.00	3.00	3.25	3.50	3.50	3.50	3.50
Transportation	25.00	25.00	25.00	21.75	21.00	21.00	21.00	21.00	21.00	21.00
Waste collection	13.00	13.00	13.00	13.00	12.00	12.00	12.00	12.00	12.00	12.00
Golf course	<u>65.50</u>	<u>65.00</u>	<u>64.50</u>	<u>64.50</u>	<u>55.50</u>	<u>56.10</u>	<u>56.10</u>	<u>57.60</u>	<u>50.15</u>	<u>46.10</u>
Total	<u>195.15</u>	<u>196.45</u>	<u>196.95</u>	<u>193.80</u>	<u>182.80</u>	<u>183.30</u>	<u>184.35</u>	<u>183.20</u>	<u>175.10</u>	<u>170.92</u>

Source: City of Centerville, Ohio, Finance Department



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





<u>Function/program</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government										
Purchase orders issued	1,114	2,214	2,462	2,499	2,357	2,388	2,400	2,533	2,426	2,500
Payroll checks/direct deposits issued	6,086	6,120	6,457	6,285	6,030	6,147	6,175	6,013	5,655	6,000
Accounts payable checks issued	7,020	6,786	6,349	6,183	6,731	6,511	6,475	6,376	6,042	6,610
Ordinances and resolutions passed	140	84	101	80	92	102	95	96	65	79
Number of volunteer hours	10,512	10,871	10,354	11,664	11,428	11,137	12,717	11,685	13,327	14,400
Public Safety										
Total arrests	1,275	1,508	1,390	1,646	1,569	1,666	1,511	1,551	1,478	1,700
Traffic citations ⁽¹⁾	8,200	9,347	3,121	4,037	3,560	3,127	3,542	3,422	3,289	3,600
Public Works										
Miles of street	98	101	104	105	105	107	107	107	107	108
Tons of road salt used	583	1,269	3,179	1,775	1,849	354	1,994	2,696	1,695	2,200
Building Inspection										
Building permits issued	1,863	1,844	2,128	1,941	1,453	1,323	1,376	1,218	948	1,100
Electrical permits issued	403	346	406	376	266	265	265	234	204	240
Residential unit permits issued	103	97	146	122	71	39	58	15	4	5
Waste Collection										
Tons collected	6,941	6,978	7,406	7,317	7,197	7,428	7,098	7,765	6,739	7,000
Recyclable tons, including cardboard	809	795	887	851	885	890	821	775	723	750
Newspaper tons	630	687	706	697	716	728	686	632	605	640
Golf Course										
Rounds of golf	35,470	36,719	43,627	46,863	45,613	49,435	53,896	53,275	53,334	52,500
Rounds of golf - cart usage	22,262	23,409	24,323	28,043	29,462	36,180	39,990	39,919	40,547	40,500
Gallons of water used (thousands)	30,125	28,175	25,280	24,570	26,630	41,650	99,400	42,000	55,800	60,200
Food Service Operations										
Wedding receptions hosted	34	41	37	36	42	36	42	41	50	46
Other banquet functions hosted	514	535	544	483	539	519	556	528	491	464

Source: City of Centerville, Ohio, Appropriation Budgets for applicable years. Actual statistics for 2001-2009.

Estimated statistics for 2010.

⁽¹⁾ 2001-2002 traffic citations issued includes written warnings.

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

	Function/program	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
	General Government										
	Municipal Buildings	1	1	1	1	1	1	1	1	1	1
	Square Footage	17,123	17,123	17,123	17,123	17,123	17,123	17,123	17,123	17,123	17,123
	Public Safety										
	Police Stations	1	1	1	1	1	1	1	1	1	1
	Square Footage	38,458	38,458	38,458	38,458	38,458	38,458	38,458	38,458	38,458	38,458
	Public Works										
	Public Works Facility	1	1	1	1	1	1	1	1	1	1
	Square Footage	17,541	17,541	17,541	17,541	17,541	17,541	17,541	17,541	17,541	50,000
	Miles of street	98	101	104	105	105	107	107	107	107	108
	Lane miles of street	223	227	236	238	238	240	240	240	240	241
	Recreation										
	Number of parks	1	1	1	1	1	1	1	1	1	1
	Area of parks (acres)	62.386	62.386	62.386	62.386	62.386	62.386	62.386	62.386	62.386	62.386
	Benham's Grove (acres)	7.017	7.017	7.017	7.017	7.017	7.017	7.017	7.017	7.017	7.017
	Golf Course										
	Holes	21	27	27	27	27	27	27	27	27	27
	Club House (square footage)	29,517	29,517	29,517	29,517	29,517	29,517	29,517	29,517	29,517	29,517

Source: City of Centerville, Ohio, Finance Department



Dave Yost • Auditor of State

CITY OF CENTERVILLE

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 21, 2011