



Comprehensive Annual Financial Report

for the fiscal year ended
December 31, 2012



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Centerville, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2012 through December 31, 2012. 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 cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

July 12, 2013

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City of Centerville, Ohio
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2012

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, 2012

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Introductory Section





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

May 3, 2013

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, 2012 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 is beginning to see growth in both residential development and business development. In the recent past, several residential subdivisions have been under development. The largest of these developments is Yankee Trace which surrounds the City's golf facility, The Golf Club at Yankee Trace. When complete, the Yankee Trace development will include approximately 938 residential units.

The City remains fiscally strong even in the face of significant local government funding reductions adopted by the state legislature. Built on a diversified base of small businesses, Centerville continues to be well positioned for the future. The employers with the largest workforce within Centerville include the public school district, multiple retirement communities, a growing regional hospital and medical center, several auto dealerships and small manufacturers.

In 2012, the City continued to witness a commercial development market focused both on new development, but also a sizeable reinvestment in existing facilities. Miami Valley Hospital South completed its construction of a new 100,000+/- square foot cancer treatment center on its 150 acre campus.

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

Looking toward the future, the City is poised to sustain and likely increase its 2012 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 2012, 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 Greene County portion of the city 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 31st consecutive year. And, the municipal property tax rate remained at its lowest rate for the 34th consecutive year.
- The City maintained its municipal bond rating of Aa2 from Moody's Investor Services. This rating helps to lower the interest rate on any future bonds the City may issue.
- The Golf Club at Yankee Trace was selected as the Dayton area's favorite golf course in 2012 by the Dayton Daily News People's Choice Awards. In 2012 Yankee Trace recorded over 56,000 rounds of golf – a record setting number.

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 2012 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, 2012. 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, 2011. This was the 12th 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 Jonathan Hudson, are to be especially commended for their input and commitment. And, appreciation is extended to all members of the staff, whose efforts have made this report possible.

Respectfully submitted,

Gregory B. Horn

Gregory B. Horn
City Manager

Steven A. Hinshaw

Steven A. Hinshaw
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Centerville
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

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.



Christopher P. Mouill

President

Jeffrey R. Emer

Executive Director

City of Centerville, Ohio
List of Elected and Appointed Officials
as of December 31, 2012

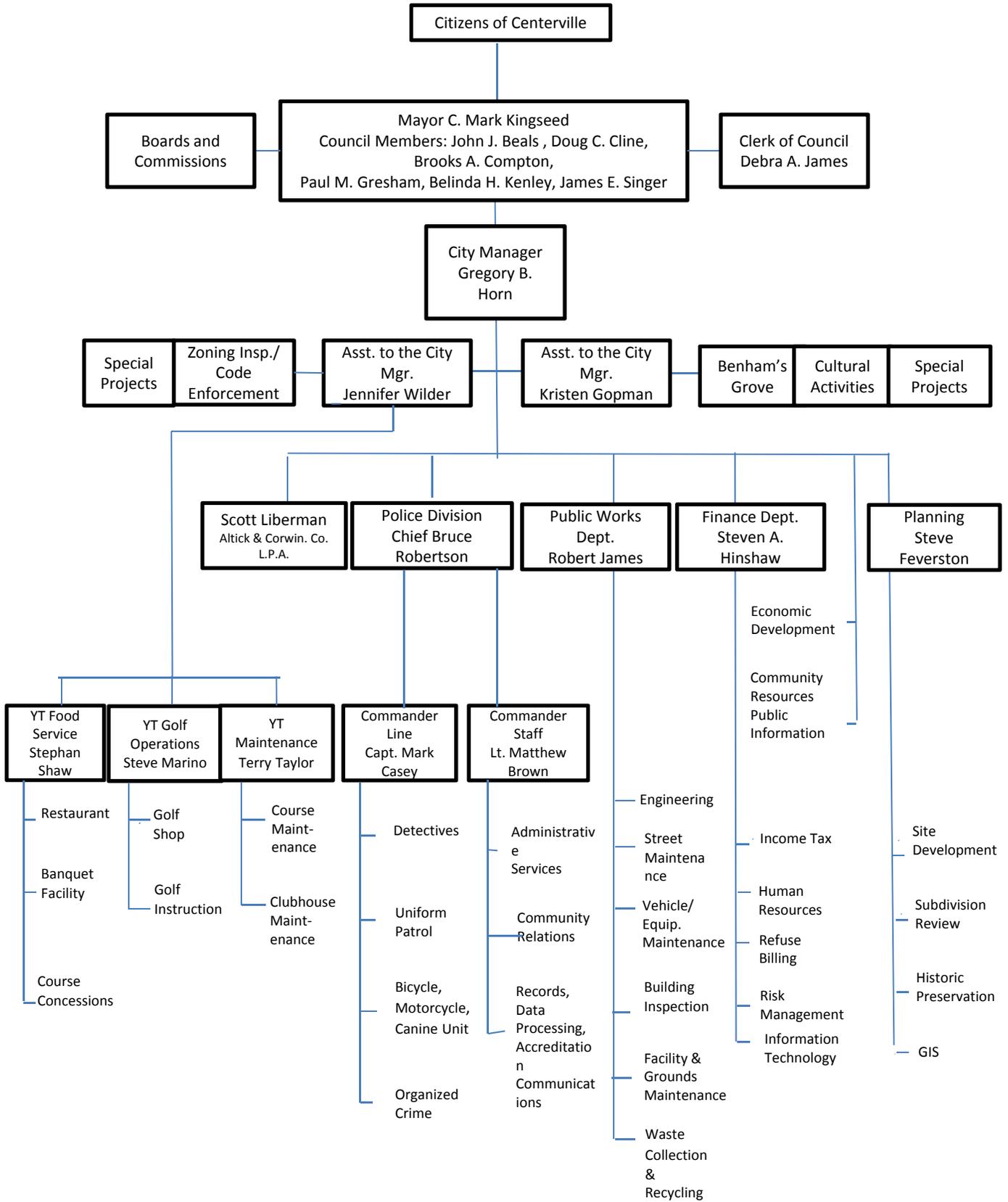
ELECTED OFFICIALS

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

APPOINTED OFFICIALS

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

City of Centerville Organizational Chart



Updated 9/7/12



Financial Section



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, Ohio (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 12 to the financial statements, in 2012, the City adopted new accounting guidance, GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 – 8 and 39 – 44 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules and the schedule of bonds and notes are fairly stated in all material respects in relation to the basic 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Dayton, Ohio
May 3, 2013

City of Centerville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2012
(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, 2012. 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 \$81.6 million as of December 31, 2012. Of this amount, \$18.8 million (unrestricted net position) may be used to meet the City's ongoing obligations.
- The net position of the City increased by \$2.5 million during 2012, the most recent fiscal year. The net position of the City's governmental activities decreased \$0.9 million or 1.3%. And, the net position of the City's business-type activities increased \$3.4 million or 34.4%.
- As of December 31, 2012, the City's governmental funds report combined ending fund balances of \$18.4 million. Over 57% or \$10.6 million of this fund balance is available for spending at the City's discretion (unassigned).

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

These two statements report the City's net position and changes to those positions. 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, 2012
(Unaudited)

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

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

Fund Financial Statements

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

Governmental Funds

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

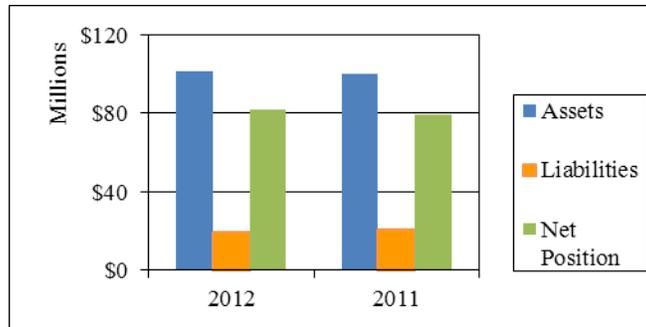
City of Centerville, Ohio
 Management's Discussion and Analysis
 For the Fiscal Year Ended December 31, 2012
 (Unaudited)

Government-wide Financial Analysis

As stated previously, the Statement of Net Position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$81.6 million as of December 31, 2012. Table 1 presents a summary of the City's net position for 2012 compared to 2011.

Table 1
Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<u>Assets:</u>						
Current and other assets	\$33,718,465	\$33,415,340	\$4,174,034	\$1,209,394	\$37,892,496	\$34,624,734
Capital assets	<u>45,120,251</u>	<u>46,638,605</u>	<u>18,224,047</u>	<u>18,523,078</u>	<u>63,344,298</u>	<u>65,161,683</u>
Total Assets	<u>78,838,716</u>	<u>80,053,945</u>	<u>22,398,078</u>	<u>19,732,472</u>	<u>101,236,794</u>	<u>99,786,417</u>
<u>Liabilities:</u>						
Long-term liabilities	7,747,991	8,081,287	8,693,572	9,355,845	16,441,563	17,437,132
Other liabilities	<u>2,593,922</u>	<u>2,576,223</u>	<u>561,803</u>	<u>599,700</u>	<u>3,155,725</u>	<u>3,175,923</u>
Total Liabilities	<u>10,341,913</u>	<u>10,657,510</u>	<u>9,255,375</u>	<u>9,955,545</u>	<u>19,597,288</u>	<u>20,613,055</u>
<u>Net Position:</u>						
Net Investment in						
Capital Assets	38,096,137	39,255,568	9,615,094	9,252,994	47,711,231	48,508,562
Restricted	12,246,392	14,697,393	2,921,719	319,734	15,168,111	15,017,127
Unrestricted	<u>18,154,274</u>	<u>15,443,474</u>	<u>605,890</u>	<u>204,199</u>	<u>18,760,164</u>	<u>15,647,673</u>
Total net position	<u>\$68,496,803</u>	<u>\$69,396,435</u>	<u>\$13,142,703</u>	<u>\$9,776,927</u>	<u>\$81,639,506</u>	<u>\$79,173,362</u>



In total, the net position increased from \$79.2 million to \$81.6 million in 2012. The unrestricted net position, which is available for future use as directed by City Council, increased \$3.1 million or 19.9%. The unrestricted net position of the City's governmental activities increased \$2.7 million and the unrestricted net position of the business-type activities increased \$0.4 million.

The restricted net position is subject to external restrictions as to their use. This category increased approximately \$0.2 million from \$15.0 million at December 31, 2011 to \$15.2 million at December 31, 2012.

City of Centerville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2012
(Unaudited)

Table 2 presents the changes in the net position for the year ended December 31, 2012.

Table 2
Changes in Net Position

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Revenues						
Program Revenues:						
Charges for Services	\$734,835	\$750,459	\$5,089,943	\$4,784,805	\$5,824,778	\$5,535,264
Operating Grants and Contributions	1,076,914	1,339,391	0	17,800	1,076,914	1,357,191
Capital Grants and Contributions	<u>209,746</u>	<u>722,417</u>	<u>0</u>	<u>0</u>	<u>209,746</u>	<u>722,417</u>
Total Program Revenues	2,021,495	2,812,267	5,089,943	4,802,605	7,111,438	7,614,872
General Revenues:						
Income Taxes	12,654,982	12,109,247	0	0	12,654,982	12,109,247
Property Taxes	1,208,289	1,552,250	0	0	1,208,289	1,552,250
Grants and Entitlements	2,351,678	2,499,558	0	0	2,351,678	2,499,558
Investment Earnings	169,693	169,851	14,897	0	184,590	169,851
Other Revenues	<u>307,922</u>	<u>350,675</u>	<u>13,655</u>	<u>20,292</u>	<u>321,577</u>	<u>370,967</u>
Total General Revenues	<u>16,692,564</u>	<u>16,681,581</u>	<u>28,552</u>	<u>20,292</u>	<u>16,721,116</u>	<u>16,701,873</u>
Total Revenues	<u>18,714,059</u>	<u>19,493,848</u>	<u>5,118,495</u>	<u>4,822,897</u>	<u>23,832,554</u>	<u>24,316,745</u>
Expenses						
Program Expenses:						
General Government	4,974,806	4,920,870	0	0	4,974,806	4,920,870
Public Safety	6,505,994	6,814,464	0	0	6,505,994	6,814,464
Community Environment	250,836	264,650	0	0	250,836	264,650
Recreation	291,908	308,379	0	0	291,908	308,379
Transportation	4,190,140	4,233,694	0	0	4,190,140	4,233,694
Interest and Other Charges	370,007	386,256	0	0	370,007	386,256
Waste Collection	0	0	1,483,622	1,634,734	1,483,622	1,634,734
Golf Course	<u>0</u>	<u>0</u>	<u>3,299,097</u>	<u>3,681,797</u>	<u>3,299,097</u>	<u>3,681,797</u>
Total Program Expenses	<u>16,583,691</u>	<u>16,928,313</u>	<u>4,782,719</u>	<u>5,316,531</u>	<u>21,366,410</u>	<u>22,244,844</u>
Increase (Decrease) in Net Position						
before transfers	2,130,368	2,565,535	335,776	(493,634)	2,466,144	2,071,901
Transfers – Internal Activities	<u>(3,030,000)</u>	<u>(2,364,000)</u>	<u>3,030,000</u>	<u>2,364,000</u>	<u>0</u>	<u>0</u>
Change in net position	(899,632)	201,535	3,365,776	1,870,366	2,466,144	2,071,901
Net Position Beginning of Year	<u>69,396,435</u>	<u>69,194,900</u>	<u>9,776,927</u>	<u>7,906,561</u>	<u>79,173,362</u>	<u>77,101,461</u>
Net Position End of Year	<u>\$68,496,803</u>	<u>\$69,396,435</u>	<u>\$13,142,703</u>	<u>\$9,776,927</u>	<u>\$81,639,506</u>	<u>\$79,173,362</u>

The change in net position was an increase of \$2.5 million for the year ended December 31, 2012 as compared to an increase of \$2.1 million the prior year. Total revenues decreased \$0.5 million or 2.0%. Total expenses decreased \$0.9 million or 3.9%.

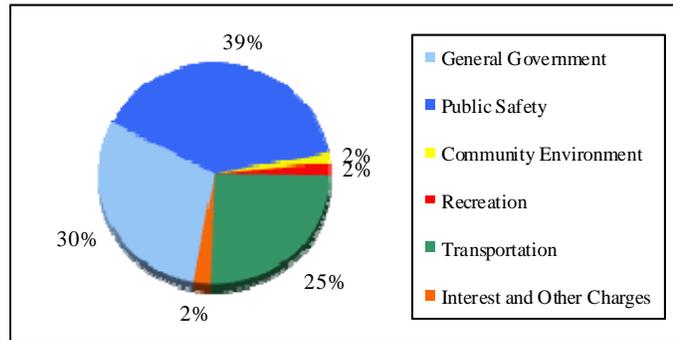
Total revenues for governmental activities decreased 4.0%. Income taxes, the largest governmental activities revenue source, increased 4.5% from 2011.

City of Centerville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2012
(Unaudited)

Governmental Activities

The municipal income tax (1.75% rate) is the largest source of revenue for the City. Revenues generated by the earnings tax represent approximately 76% of the City's governmental activities general revenues.

Governmental Activities Program Expenses for 2012	
	<u>Percent</u>
General Government	30.0%
Public Safety	39.2%
Community Environment	1.5%
Recreation	1.8%
Transportation	25.3%
Interest and Other Charges	2.2%
Total	100.00%



Public safety, consisting of the police division, comprises over 39% of governmental activities' expenses. Transportation, which consists of street repair and maintenance activities, accounts for over 25% of expenses. General government, consisting of the departments such as: city management, finance, planning, clerk department accounts for 30% of expenses.

Business-Type Activities

Business-type activities, includes the waste collection and the golf course fund. These programs had operating revenues of \$5.1 million and operating expenses of \$4.7 million for fiscal year 2012. Business activities receive no support from tax revenues. The business activities net position at the end of the year was \$13.1 million, which increased \$3.4 million from 2011 (not including internal service allocated to business-type activities). The waste collection fund had operating loss of \$0.1 million for 2012. The golf course fund saw an increase in the net position of more than 36%.

Financial Analysis of the City's Funds

The City has three major governmental funds: the General Fund, Street Construction and Maintenance Fund, and Special Assessment Debt Retirement Fund. Assets of the general fund comprised \$17.5 million (53%), street construction and maintenance fund comprised \$1.1 million (3%), and the special assessment debt retirement fund comprised \$10.1 million (31%) of the total \$32.8 million 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 decreased \$0.2 million for the year ended December 31, 2012. General fund revenues were \$0.5 million higher than 2011.

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, 2012
(Unaudited)

General Fund Budgeting Highlights

General fund appropriations were increased only slightly (+1.6%) during 2012 and were budgeted below estimated revenue. Actual expenditures were \$0.8 million less than the final appropriations. Typically, the City has not decreased appropriations when the entire budget will not be spent. In 2012, a few employment positions were budgeted, but not filled. In addition, actual revenues exceeded budgetary estimates by \$1.8 million. This excess revenue was mostly due to increased municipal income tax revenue.

Capital Asset and Debt Administration

The governmental activities capital assets for 2012 ended with total net capital assets of \$45.1 million. Of this total, \$4.2 million was not being depreciated and the capital assets being depreciated totaled \$75.1 million with accumulated depreciation of \$34.3 million. The business-type activities capital assets for 2012 ended with total net capital assets of \$18.2 million. Of this total, \$15.1 million was not being depreciated and the capital assets being depreciated totaled \$6.3 million with accumulated depreciation of \$3.1 million.

The City issued no new debt in the current year. At December 31, 2012, the City had various debt issues outstanding, which included \$9,083,730 of general obligation bonds, \$5,870,000 of special assessment debt, and \$679,337 of promissory notes. As of December 31, 2012, the City's net general obligation bonded debt of \$679,337 was well below the legal limit of \$66,145,496 and debt per capita equaled \$399. 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 Position
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$17,624,869	\$3,869,375	\$21,494,244
Receivables (Net):			
Taxes	5,038,575	0	5,038,575
Accounts	13,607	57,936	71,543
Interest	42,973	0	42,973
Intergovernmental	1,093,827	0	1,093,827
Special Assessments	9,764,894	0	9,764,894
Internal Balances	(52,722)	52,722	0
Inventory	100,407	93,151	193,558
Bond Issuance Costs	4,831	90,163	94,994
Prepaid Items	87,204	10,684	97,888
Nondepreciable Capital Assets	4,245,419	15,098,026	19,343,445
Depreciable Capital Assets, Net	40,874,832	3,126,021	44,000,853
Total Assets	78,838,716	22,398,078	101,236,794
Liabilities:			
Accounts Payable	283,139	30,481	313,620
Accrued Liabilities	664,080	75,869	739,949
Accrued Interest Payable	31,870	36,054	67,924
Unearned Revenue	1,614,833	261,146	1,875,979
Deposit Liability	0	158,253	158,253
Long-Term Liabilities:			
Due Within One Year	624,356	748,310	1,372,666
Due In More Than One Year	7,123,635	7,945,262	15,068,897
Total Liabilities	10,341,913	9,255,375	19,597,288
Net Position:			
Net Investment in Capital Assets	38,096,137	9,615,094	47,711,231
Restricted for:			
Debt Service	10,077,085	2,921,719	12,998,804
Capital Projects	416,705	0	416,705
Street Improvements	1,047,651	0	1,047,651
Public Safety	704,951	0	704,951
Unrestricted	18,154,274	605,890	18,760,164
Total Net Position	\$68,496,803	\$13,142,703	\$81,639,506

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Statement of Activities
For the Fiscal Year Ended December 31, 2012

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$4,974,806	\$419,297	\$0	\$209,746
Public Safety	6,505,994	137,093	69,280	0
Community Environment	250,836	0	0	0
Recreation	291,908	176,343	0	0
Transportation	4,190,140	2,102	1,007,634	0
Interest and Other Charges	370,007	0	0	0
Total Governmental Activities	16,583,691	734,835	1,076,914	209,746
Business-Type Activities:				
Waste Collection	1,483,622	1,369,371	0	0
Golf Course	3,299,097	3,720,572	0	0
Total Business-Type Activities	4,782,719	5,089,943	0	0
Totals	\$21,366,410	\$5,824,778	\$1,076,914	\$209,746

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

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$4,345,763)	\$0	(\$4,345,763)
(6,299,621)	0	(6,299,621)
(250,836)	0	(250,836)
(115,565)	0	(115,565)
(3,180,404)	0	(3,180,404)
(370,007)	0	(370,007)
(14,562,196)	0	(14,562,196)
0	(114,251)	(114,251)
0	421,475	421,475
0	307,224	307,224
(14,562,196)	307,224	(14,254,972)
12,654,982	0	12,654,982
1,208,289	0	1,208,289
2,351,678	0	2,351,678
169,693	14,897	184,590
307,922	13,655	321,577
(3,030,000)	3,030,000	0
13,662,564	3,058,552	16,721,116
(899,632)	3,365,776	2,466,144
69,396,435	9,776,927	79,173,362
\$68,496,803	\$13,142,703	\$81,639,506

City of Centerville, Ohio
Balance Sheet
Governmental Funds
December 31, 2012

	General	Street Construction and Maintenance	Special Assessment Debt Retirement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$11,713,092	\$512,735	\$334,040	\$4,116,098	\$16,675,965
Receivables (Net):					
Taxes	5,038,575	0	0	0	5,038,575
Accounts	10,204	0	0	3,214	13,418
Interest	42,973	0	0	0	42,973
Intergovernmental	580,165	457,717	0	55,945	1,093,827
Special Assessments	0	0	9,764,894	0	9,764,894
Inventory	377	86,229	0	13,801	100,407
Prepaid Items	70,654	16,550	0	0	87,204
Total Assets	17,456,040	1,073,231	10,098,934	4,189,058	32,817,263
Liabilities and Fund Balances:					
Liabilities:					
Accounts Payable	223,233	12,051	0	47,855	283,139
Accrued Liabilities	575,424	88,656	0	0	664,080
Deferred Revenue	3,792,070	304,964	9,162,183	221,224	13,480,441
Total Liabilities	4,590,727	405,671	9,162,183	269,079	14,427,660
Fund Balances:					
Nonspendable	71,031	102,779	0	13,801	187,611
Restricted	0	564,781	936,751	1,269,832	2,771,364
Assigned	2,237,654	0	0	2,636,346	4,874,000
Unassigned	10,556,628	0	0	0	10,556,628
Total Fund Balances	12,865,313	667,560	936,751	3,919,979	18,389,603
Total Liabilities and Fund Balances	\$17,456,040	\$1,073,231	\$10,098,934	\$4,189,058	\$32,817,263

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 December 31, 2012

Total Governmental Fund Balance \$18,389,603

Amounts reported for governmental activities in the
 statement of net position 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	\$44,059,163	
Capital assets used in the operation of Internal Service Funds	1,061,088	
		45,120,251

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

Income Taxes	\$1,979,763	
Intergovernmental	697,580	
Interest	26,082	
Special Assessments	9,162,183	
		11,865,608

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 position.

Internal Service Net Position	\$2,010,181	
Capital assets used in the operation of Internal Service Funds	(1,061,088)	
Allocation to Business-Type Activities	(52,722)	
		896,371

In the statement of net position 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. (31,870)

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

Compensated Absences	(723,877)
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Deferred bond issuance cost associated with long-term liabilities
 are not reported in the funds. 4,831

Long-term liabilities are not due and payable in the current
 period and, therefore, are not reported in the funds. (7,024,114)

Net Position of Governmental Activities \$68,496,803

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, 2012

	General	Street Construction and Maintenance	Special Assessment Debt Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$13,478,234	\$0	\$0	\$0	\$13,478,234
Fines, Licenses & Permits	356,070	0	0	1,254	357,324
Charges for Services	344,021	2,102	0	0	346,123
Investment Earnings	123,920	2,921	4,855	35,408	167,104
Intergovernmental	2,576,470	940,983	0	220,271	3,737,724
Special Assessments	31,387	0	622,398	10,605	664,390
Other Revenues	288,083	41	0	19,797	307,921
Total Revenues	17,198,185	946,047	627,253	287,335	19,058,820
Expenditures:					
Current:					
General Government	4,646,451	0	32,462	34,676	4,713,589
Public Safety	6,080,245	0	0	543	6,080,788
Community Environment	236,503	0	0	0	236,503
Recreation	233,255	0	0	0	233,255
Transportation	0	2,130,896	0	65,504	2,196,400
Capital Outlay	151,842	0	0	1,129,095	1,280,937
Debt Service:					
Principal	0	0	235,000	128,966	363,966
Interest and Other Charges	0	0	332,587	33,013	365,600
Total Expenditures	11,348,296	2,130,896	600,049	1,391,797	15,471,038
Excess of Revenues Over (Under) Expenditures	5,849,889	(1,184,849)	27,204	(1,104,462)	3,587,782
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	0	0	0	1,514	1,514
Transfers In	0	1,450,000	0	1,615,000	3,065,000
Transfers (Out)	(6,095,000)	0	0	0	(6,095,000)
Total Other Financing Sources (Uses)	(6,095,000)	1,450,000	0	1,616,514	(3,028,486)
Net Change in Fund Balance	(245,111)	265,151	27,204	512,052	559,296
Fund Balance - Beginning of Year	13,111,837	385,409	909,547	3,403,833	17,810,626
Change in Reserve for Inventory	(1,413)	17,000	0	4,094	19,681
Fund Balance - End of Year	\$12,865,313	\$667,560	\$936,751	\$3,919,979	\$18,389,603

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended December 31, 2012

Net Change in Fund Balance - Total Governmental Funds		\$559,296
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.		
Capital assets used in governmental activities	\$1,039,215	
Depreciation Expense	<u>(2,519,059)</u>	(1,479,844)
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.		
		(19,185)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income Taxes	\$495,184	
Delinquent Property Taxes and Intergovernmental	(239,825)	
Interest	2,592	
Special Assessments	<u>(602,712)</u>	(344,761)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		363,966
In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.		
		1,601
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	(\$25,627)	
Amortization of Bond Issuance Cost	(965)	
Amortization of Bond Premium	1,871	
Amortization of Deferred Charge on Refunding	(6,914)	
Change in Inventory	<u>19,681</u>	(11,954)
The internal service fund used by management to charge back costs to individual funds is not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
Change in Net Position - Internal Service Funds	\$36,110	
Change in portion of Internal Service Fund Net Position allocated to Business-Type Activities	<u>(4,861)</u>	31,249
Change in Net Position of Governmental Activities		<u><u>(\$899,632)</u></u>

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Statement of Net Position
Proprietary Funds
December 31, 2012

	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	\$365,296	\$3,504,079	\$3,869,375	\$948,904
Receivables (Net):				
Accounts	57,936	0	57,936	189
Inventory	6,968	86,183	93,151	0
Prepaid Items	7,342	3,342	10,684	0
Total Current Assets	437,542	3,593,604	4,031,146	949,093
Nondepreciable Capital Assets	0	15,098,026	15,098,026	0
Depreciable Capital Assets, Net	0	3,126,021	3,126,021	1,061,088
Bond Issuance Cost	0	90,163	90,163	0
Total Noncurrent Assets	0	18,314,210	18,314,210	1,061,088
Total Assets	437,542	21,907,814	22,345,356	2,010,181
Liabilities:				
Current Liabilities:				
Accounts Payable	8,198	22,283	30,481	0
Accrued Liabilities	26,466	49,403	75,869	0
Compensated Absences	5,115	8,195	13,310	0
Accrued Interest Payable	0	36,054	36,054	0
Deferred Revenue	261,146	0	261,146	0
Deposit Liability	0	158,253	158,253	0
Long-Term Liabilities Due Within One Year	0	735,000	735,000	0
Total Current Liabilities	300,925	1,009,188	1,310,113	0
Long-Term Liabilities:				
Compensated Absences	26,024	45,285	71,309	0
Bonds, Notes & Loans Payable	0	7,873,953	7,873,953	0
Total Noncurrent Liabilities	26,024	7,919,238	7,945,262	0
Total Liabilities	326,949	8,928,426	9,255,375	0
Net Position:				
Net Investment in Capital Assets	0	9,615,094	9,615,094	1,061,088
Restricted for:				
Debt Service	0	2,921,719	2,921,719	0
Unrestricted	110,593	442,575	553,168	949,093
Total Net Position	\$110,593	\$12,979,388	\$13,089,981	\$2,010,181
Adjustment to reflect the consolidation of Internal Service Fund activities related to Business-Type Activities			\$52,722	
Net Position of Business-Type Activities			\$13,142,703	

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended December 31, 2012

	Business-Type Activities -Enterprise Funds			Governmental Activities- Internal Service Funds
	Waste Collection	Golf Course	Total Business-Type Activities	
Operating Revenues:				
Charges for Services	\$1,369,371	\$3,720,572	\$5,089,943	\$259,960
Other Revenues	314	13,341	13,655	53,601
Total Operating Revenues	1,369,685	3,733,913	5,103,598	313,561
Operating Expenses:				
Salaries and Wages	529,969	1,092,361	1,622,330	0
Fringe Benefits	201,903	246,927	448,830	0
Purchased Services	532,437	430,247	962,684	16,898
Supplies and Materials	155,750	903,395	1,059,145	43,126
Other Expenses	68,424	267,430	335,854	20,042
Depreciation	0	230,181	230,181	247,552
Total Operating Expenses	1,488,483	3,170,541	4,659,024	327,618
Operating Income (Loss)	(118,798)	563,372	444,574	(14,057)
Non-Operating Revenues (Expenses):				
Investment Earnings	3,616	11,281	14,897	8,481
Interest (Expense)	0	(508,170)	(508,170)	0
Gain (Loss) on Disposal of Capital Assets	0	379,614	379,614	41,686
Total Non-Operating Revenues (Expenses)	3,616	(117,275)	(113,659)	50,167
Income (Loss) Before Contributions and Transfers	(115,182)	446,097	330,915	36,110
Transfers In	0	3,030,000	3,030,000	0
Change in Net Position	(115,182)	3,476,097	3,360,915	36,110
Net Position - Beginning of Year	225,775	9,503,291	9,729,066	1,974,071
Net Position - End of Year	\$110,593	\$12,979,388	\$13,089,981	\$2,010,181
Adjustment to reflect the consolidation of Internal Service Fund activities related to Business-Type Activities			\$4,861	
Change in Net Position - Total Business-Type Activities			\$3,365,776	

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, 2012

	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	\$1,374,591	\$3,760,389	\$5,134,980	\$313,917
Cash Payments to Employees	(728,090)	(1,339,741)	(2,067,831)	0
Cash Payments to Suppliers	(796,169)	(1,589,425)	(2,385,594)	(88,560)
Net Cash Provided (Used) by Operating Activities	(149,668)	831,223	681,555	225,357
Cash Flows from Noncapital Financing Activities:				
Payments from Other Funds	0	3,030,000	3,030,000	0
Payments to Other Funds	0	(48,971)	(48,971)	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	2,981,029	2,981,029	0
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	0	0	0	(228,227)
Debt Principal Payments	0	(705,000)	(705,000)	0
Debt Interest Payments	0	(458,018)	(458,018)	0
Proceeds on the Disposal of Capital Assets	0	448,464	448,464	41,686
Net Cash Provided (Used) by Capital and Related Financing Activities	0	(714,554)	(714,554)	(186,541)
Cash Flows from Investing Activities:				
Earnings on Investments	3,616	11,281	14,897	8,481
Net Cash Provided (Used) by Cash Flows from Investing Activities	3,616	11,281	14,897	8,481
Net Increase (Decrease) in Cash and Cash Equivalents	(146,052)	3,108,979	2,962,927	47,297
Cash and Cash Equivalents - Beginning of Year	511,348	395,100	906,448	901,607
Cash and Cash Equivalents - End of Year	365,296	3,504,079	3,869,375	948,904
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	(118,798)	563,372	444,574	(14,057)
Adjustments:				
Depreciation	0	230,181	230,181	247,552
Changes in Assets & Liabilities:				
(Increase) Decrease in Receivables	4,296	17,105	21,401	356
(Increase) Decrease in Inventory	8,447	11,072	19,519	0
(Increase) Decrease in Prepaid Items	2,076	728	2,804	0
(Increase) Decrease in Deposit Liabilities	0	9,371	9,371	0
Increase (Decrease) in Payables	(47,996)	597	(47,399)	(8,494)
Increase (Decrease) in Accrued Liabilities	1,697	(1,203)	494	0
Increase (Decrease) in Deferred Revenue	610	0	610	0
Net Cash Provided (Used) by Operating Activities	(\$149,668)	\$831,223	\$681,555	\$225,357

See accompanying notes to the basic financial statements.

City of Centerville, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
December 31, 2012

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$112,975
Prepaid Items	<u>1,568</u>
Total Assets	<u><u>114,543</u></u>
Liabilities:	
Undistributed Monies	<u>114,543</u>
Total Liabilities	<u><u>\$114,543</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, 2012

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 position 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, 2012
(continued)

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2012
(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.

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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2012
(continued)

E. Assets, Liabilities and Net Position

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 position/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.

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.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2012
(continued)

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 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.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2012
(continued)

Fund Balance

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

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

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

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

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

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The City considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Interfund Activity

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

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

Net Position

The net position represents the difference between assets and liabilities. The net investment in capital assets 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. The net position is 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 position are available. Of the City's \$15,168,111 in restricted net position, none was restricted by enabling legislation.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2012
(continued)

Operating Revenues and Expenses

The City, in its proprietary fund, distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise fund are charges to customers for sales and services. Operating expenses for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

Deposits – As of December 31, 2012, \$8,459,878 of the City's cash deposits of \$14,197,472 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 2012. 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, 2012.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2012
(continued)

A summary of the fair value of investments held, and year of maturities, as of December 31, 2012 is as follows:

	<u>Fair Value</u>	<u>Investments maturing in years ended</u>				
		<u>12/31/13</u>	<u>12/31/14</u>	<u>12/31/15</u>	<u>12/31/16</u>	<u>12/31/17</u>
U.S. agencies	\$7,596,402	\$500,765	\$956,419	\$1,385,779	\$1,900,441	\$2,852,998
STAR Ohio	<u>7,778</u>	<u>7,778</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total investments	<u>\$7,604,180</u>	<u>\$508,543</u>	<u>\$956,419</u>	<u>\$1,385,779</u>	<u>\$1,900,441</u>	<u>\$2,852,998</u>

Callable securities are assumed to remain uncalled prior to maturity.

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

Credit Risk – It is the City’s policy to limit its investments that are not obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. As of December 31, 2012, 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, 2012 include:

<u>Issuer:</u>	<u>Fair Value</u>	<u>Percent</u>
U.S. Agencies:		
Federal National Mortgage Association	\$3,339,511	43.9%
Federal Home Loan Mortgage Corporation	1,457,184	19.2%
Federal Farm Credit Banks	2,799,707	36.8%
STAROhio	<u>7,778</u>	<u>0.1%</u>
Total Investments	<u>\$7,604,180</u>	<u>100.0%</u>

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2012
(continued)

3. RECEIVABLES

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

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

Special assessments expected to be collected in more than one year amounts to approximately \$9,764,894 in the Special Assessment Debt Retirement Fund.

A. Income Taxes

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

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

B. Property Taxes

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

The property tax calendar is as follows:

Levy date	December 31, 2011
Lien date	December 31, 2011
Tax bill mailed	January 20, 2012
First installment payment due	February 15, 2012
Second installment payment due	July 15, 2012

The assessed values for the City at December 31, 2012, were as follows:

	Assessed Value
Real Estate	\$619,182,060
Tangible Personal Property	<u>10,775,040</u>
Total	<u>\$629,957,100</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, 2012
(continued)

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012 was as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 4,245,419	\$ 0	\$ 0	\$ 4,245,419
Construction in progress	133,827	0	(133,827)	0
<i>Capital Assets, being depreciated:</i>				
Building and improvements	14,298,087	0	0	14,298,087
Machinery and equipment	7,703,845	432,122	(492,445)	7,643,522
General infrastructure	<u>52,216,796</u>	<u>969,147</u>	<u>0</u>	<u>53,185,943</u>
Totals at Historical Cost	<u>78,597,974</u>	<u>1,401,269</u>	<u>(626,272)</u>	<u>79,372,971</u>
Less Accumulated Depreciation for:				
Building and improvements	2,716,681	300,069	0	3,016,750
Machinery and equipment	5,718,664	519,945	(473,260)	5,765,349
General infrastructure	<u>23,524,024</u>	<u>1,946,597</u>	<u>0</u>	<u>25,470,621</u>
Total Accumulated Depreciation	<u>31,959,369</u>	<u>2,766,611</u>	<u>(473,260)</u>	<u>34,252,720</u>
Governmental Activities Capital Assets, Net	<u>\$ 46,638,605</u>	<u>\$(1,365,342)</u>	<u>\$(153,012)</u>	<u>\$ 45,120,251</u>
	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Business-type Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$15,166,876	\$ 0	\$ (68,850)	\$15,098,026
<i>Capital Assets, being depreciated:</i>				
Building and improvements	4,037,103	0	0	4,037,103
Machinery and equipment	<u>2,223,126</u>	<u>0</u>	<u>(0)</u>	<u>2,223,126</u>
Totals at Historical Cost	<u>21,427,105</u>	<u>0</u>	<u>(68,850)</u>	<u>21,358,255</u>
Less Accumulated Depreciation for:				
Building and improvements	1,397,469	89,713	0	1,487,182
Machinery and equipment	<u>1,506,558</u>	<u>140,468</u>	<u>(0)</u>	<u>1,647,026</u>
Total Accumulated Depreciation	<u>2,904,027</u>	<u>230,181</u>	<u>(0)</u>	<u>3,134,208</u>
Business-Type Activities Capital Assets, Net	<u>\$ 18,523,078</u>	<u>\$ (230,181)</u>	<u>\$ (68,850)</u>	<u>\$ 18,224,047</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 249,951
Public safety	384,262
Recreation	54,373
Community development	5,546
Transportation	<u>2,072,479</u>
Total depreciation expense	<u>\$ 2,766,611</u>

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2012
(continued)

5. PENSION PLANS

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—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 health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. The 2012 member contribution rates were 10% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.5% and 12.1%, respectively. The 2012 employer contribution rate for state and local employers was 14% of covered payroll. The law enforcement and public safety division employer contribution rate was 18.1% of covered payroll. The City's required contributions to OPERS for the years ending December 31, 2010, 2011 and 2012, were \$775,024, \$769,835, and \$769,941 respectively. The full amount has been contributed for 2011 and 2010, and 92% has actually been contributed for 2012. The City's unpaid contractually required OPERS contributions (including post-employment benefits) at year-end (the liability) were recorded in the accrued wages and benefits line item of the government-wide and fund financial statements along with various corresponding expenses/expenditures.

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.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2012
(continued)

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, 2010, 2011 and 2012, were \$648,938, \$647,672, and \$665,779 respectively. The full amount has been contributed for 2011 and 2010, and 71% has actually been contributed for 2012. The City's unpaid contractually required OP&F contributions (including post-employment benefits) at year-end (the liability) were recorded in the accrued wages and benefits line item of the government-wide and fund financial statements along with various corresponding expenses/expenditures.

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 or by visiting the OPERS website at www.opers.org.

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 2012, 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.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2012
(continued)

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 2012, the employer contribution allocated to the health care for members in the Traditional Plan was 4.0% of covered payroll. The portion of employer contributions allocated to healthcare for members in the combined plan was 6.05% during calendar year 2012. 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.

Information from City's Records

The rates stated in the funding policy above are the contractually required contribution rates of OPERS. The City's actual contributions for the current year, which were used to fund postemployment benefits, were \$219,972 for 2012; were \$219,941 for 2011; and 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. The full amount has been contributed for 2010 and 2011, and 92% has actually been contributed for 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2012
(continued)

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 administrated 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.

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, 2012, 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, 2012 were \$230,360 for police; for the year ending December 31, 2011 were \$224,095 for police; and for the year ending December 31, 2010 were \$224,533 for police, respectively, was allocated to the healthcare plan. The full amount has been contributed for 2010 and 2011, and 71% has actually been contributed for 2012.

7. 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, 2012
(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 7/1/09-7/1/13):

\$1,000,000,000/occurrence

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

Coverage excess SIR provided by PEPiP USA as follows:

Lexington Insurance Company (Primary \$25 million)

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

Flood (effective 7/1/09-7/1/13):

\$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 7/1/09-7/1/13):

\$25 million/occurrence and annual aggregate

MVRMA SIR: \$100,000/occurrence

Boiler & Machinery (effective 7/1/09-7/1/13):

\$100,000,000/occurrence

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

Coverage excess SIR provided by PEPiP USA as follows:

Lexington Insurance Company – (Primary \$25 million)

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

Cyber (effective 7/1/10-7/1/13):

MVRMA SIR: \$100,000/occurrence

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

Third Party Liability:

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

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

First Party Computer Liability:

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

Pollution (effective 7/1/11-7/1/13):

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

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

Member Deductible/occurrence: \$2,500

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

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2012
(continued)

8. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended December 31, 2012, was as follows:

		Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities						
<u>General Obligation Bonds</u>						
Various Purpose Refunding-Series 2003	2.00-5.25%	\$590,000	\$0	(\$90,000)	\$500,000	\$90,000
Less Deferred Amounts:						
For Issuance Premium		11,220	0	(1,871)	9,349	0
On Refunding		(41,486)	0	6,914	(34,572)	0
Total General Obligation Bonds		559,734	0	(84,957)	474,777	90,000
<u>Special Assessment Bonds</u>						
Street Improvements - Series 1994	5.40-6.60%	85,000	0	(25,000)	60,000	30,000
	4.30-					
Street Improvements - Series 1995	5.625%	775,000	0	(35,000)	740,000	35,000
Street Improvements - Series 1998a	4.05-5.35%	860,000	0	(35,000)	825,000	35,000
Street Improvements - Series 1998b	3.50-5.00%	930,000	0	(35,000)	895,000	35,000
Street Improvements - Series 1999	4.20-5.75%	1,245,000	0	(40,000)	1,205,000	40,000
Street Improvements - Series 2000	4.65-5.75%	875,000	0	(25,000)	850,000	30,000
Street Improvements - Series 2001	3.70-5.50%	805,000	0	(25,000)	780,000	25,000
Street Improvements - Series 2002	4.20-5.30%	530,000	0	(15,000)	515,000	15,000
Total Special Assessment Bonds		6,105,000	0	(235,000)	5,870,000	245,000
Promissory Notes	1.00%	718,303	0	(38,966)	679,337	39,356
Total Long-Term Liabilities - Bonds, Notes		7,383,037	0	(358,923)	7,024,114	374,356
Compensated Absences		698,250	272,389	(246,762)	723,877	250,000
Total Governmental Activities		\$8,081,287	\$272,389	(\$605,685)	\$7,747,991	\$624,356
Business-Type Activities						
<u>General Obligation Bonds</u>						
Various Purpose Refunding-Series 2003	2.00-5.25%	9,785,000	0	(705,000)	9,080,000	735,000
Less Deferred Amounts:						
For Issuance Premium		190,969	0	(16,270)	174,699	0
On Refunding		(705,885)	0	60,139	(645,746)	0
Total General Obligation Bonds		9,270,084	0	(661,131)	8,608,953	735,000
Compensated Absences		85,761	33,858	(35,000)	84,619	13,310
Total Business-Type Activities		\$9,355,845	\$33,858	(\$696,131)	\$8,693,572	\$748,310

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2012
(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 and the promissory note 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. 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
2013	\$825,000	\$455,325	\$245,000	\$320,139	\$39,356	\$ 6,695
2014	860,000	422,325	255,000	306,888	39,751	6,301
2015	895,000	387,925	245,000	293,028	40,149	5,902
2016	1,000,000	352,125	255,000	280,000	40,552	5,500
2017	1,000,000	299,625	270,000	266,278	40,959	5,093
2018-2022	3,850,000	788,625	1,555,000	1,100,709	211,035	19,224
2023-2027	1,150,000	110,912	1,955,000	626,522	221,827	8,431
2028-2032	<u>0</u>	<u>0</u>	<u>1,090,000</u>	<u>125,095</u>	<u>45,708</u>	<u>343</u>
Total	<u>\$9,580,000</u>	<u>\$2,816,862</u>	<u>\$5,870,000</u>	<u>\$3,318,659</u>	<u>\$679,337</u>	<u>\$57,489</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, 2012, the City had a legal debt margin for total debt of \$66,145,496 and a legal debt margin for unvoted debt of \$34,647,641.

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2012
(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 position.

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, 2012, Health Care Revenue Bonds outstanding aggregated \$44,610,000.

9. FUND BALANCES

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

<u>Fund Balances</u>	<u>General</u>	<u>Street Construction & Maintenance</u>	<u>Special Assessment Debt Retirement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:					
Inventory	\$ 377	\$ 86,229	\$0	\$13,801	\$100,407
Prepays	<u>70,654</u>	<u>16,550</u>	<u>0</u>	<u>0</u>	<u>87,204</u>
Total Nonspendable	71,031	102,779	0	13,801	187,611
Restricted for:					
Street Construction and Maintenance	0	564,781	0	0	564,781
State Highway Improvement	0	0	0	148,176	148,176
Public Safety	0	0	0	704,951	704,951
Special Assessment Improvements	0	0	0	416,705	416,705
Debt Service	<u>0</u>	<u>0</u>	<u>936,751</u>	<u>0</u>	<u>936,751</u>
Total Restricted	0	564,781	936,751	1,269,832	2,771,364
Assigned to:					
Debt Service	0	0	0	33,368	33,368
Capital Improvements	0	0	0	2,276,019	2,276,019
Capital Equipment Purchases	0	0	0	326,959	326,959
Encumbrances	<u>2,237,654</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,237,654</u>
Total Assigned	2,237,654	0	0	2,636,346	4,874,000
Unassigned (Deficit)	<u>10,556,628</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,556,628</u>
Total Fund Balance	<u>\$12,865,313</u>	<u>\$667,560</u>	<u>\$936,751</u>	<u>\$3,919,979</u>	<u>\$18,389,603</u>

City of Centerville, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended December 31, 2012
(continued)

10. INTERFUND TRANSFERS

The composition of interfund balances as of December 31, 2012 is as follows:

Internal balances:

<u>Type</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Internal Service Allocation	\$(52,722)	\$52,722

Interfund transfers:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 0	\$6,095,000
Street Construction and Maintenance	1,450,000	0
Non-major Governmental	1,615,000	0
Golf Course	<u>3,030,000</u>	<u>0</u>
Total	<u>\$6,095,000</u>	<u>\$6,095,000</u>

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

11. 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, 2012 include buildings and improvements at a cost of \$214,284 and accumulated depreciation of \$94,221. The future minimum lease payments as of December 31, 2012 are as follows: 2013 for \$26,607.

12. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2012, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements and GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. GASB Statement No. 62 incorporates Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants' (AICPA) accounting and financial reporting guidance issued on or before November 20, 1989 into GASB authoritative literature. GASB Statement No. 63 provides financial reporting guidance for deferred outflows and inflows of resources and net position.

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, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Local Taxes	\$ 14,578,409	\$ 14,578,409	\$ 15,628,186	\$ 1,049,777
Intergovernmental revenues	625,580	625,580	659,880	34,300
Special assessments	19,000	19,000	31,387	12,387
Charges for services	58,100	58,100	123,770	65,670
Fines, licenses, and permits	223,500	223,500	356,186	132,686
Interest earned	135,000	135,000	121,029	(13,971)
Miscellaneous and reimbursements	528,875	528,875	1,003,839	474,964
Total revenues	16,168,464	16,168,464	17,924,277	1,755,813
Expenditures:				
Current:				
Clerk of Council				
Personal services	210,279	214,279	213,141	1,138
Other expenses	49,327	49,327	20,680	28,647
Total clerk of council	259,606	263,606	233,821	29,785
City Manager				
Personal services	484,468	484,468	470,909	13,559
Other expenses	20,989	20,989	20,877	112
Total city manager	505,457	505,457	491,786	13,671
Economic Development				
Personal services	111,089	111,089	105,616	5,473
Other expenses	13,215	13,215	10,450	2,765
Total economic development	124,304	124,304	116,066	8,238
Community Resources				
Personal services	83,008	84,008	83,701	307
Other expenses	11,630	11,630	9,786	1,844
Total community resources	94,638	95,638	93,487	2,151
Code Enforcement				
Personal services	117,216	117,216	114,966	2,250
Other expenses	29,700	29,700	26,824	2,876
Total code enforcement	146,916	146,916	141,790	5,126
Finance				
Personal services	382,223	382,223	369,510	12,713
Other expenses	45,214	48,714	48,657	57
Total finance	427,437	430,937	418,167	12,770
Income Tax				
Personal services	199,579	199,579	195,246	4,333
Other expenses	100,959	100,959	71,552	29,407
Total income tax	300,538	300,538	266,798	33,740
Human Resources				
Personal services	134,524	136,524	135,424	1,100
Other expenses	48,902	48,902	31,316	17,586
Total human resources	183,426	185,426	166,740	18,686

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, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Legal				
Other expenses	321,950	386,950	370,407	16,543
Total legal	321,950	386,950	370,407	16,543
Planning				
Personal services	224,381	224,381	219,681	4,700
Other expenses	20,100	20,100	18,834	1,266
Total planning	244,481	244,481	238,515	5,966
General Government				
Personal services	165,080	165,080	146,080	19,000
Other expenses	1,205,655	1,295,038	1,083,429	211,609
Total general government	1,370,735	1,460,118	1,229,509	230,609
Municipal Building				
Personal services	32,056	34,556	33,041	1,515
Other expenses	51,452	51,452	50,238	1,214
Total municipal building	83,508	86,008	83,279	2,729
Inspection				
Personal services	207,981	207,981	190,272	17,709
Other expenses	41,167	61,167	55,814	5,353
Total inspection	249,148	269,148	246,086	23,062
Engineering				
Personal services	359,963	359,963	356,626	3,337
Other expenses	30,431	30,431	21,756	8,675
Total engineering	390,394	390,394	378,382	12,012
Public Works Administration				
Personal services	223,881	223,881	210,954	12,927
Other expenses	110,076	110,076	89,870	20,206
Total public works administration	333,957	333,957	300,824	33,133
Police				
Personal services	5,580,389	5,580,389	5,439,073	141,316
Other expenses	838,965	838,965	759,352	79,613
Total police	6,419,354	6,419,354	6,198,425	220,929
Sister City Committee				
Other expenses	2,600	2,600	851	1,749
Total sister city committee	2,600	2,600	851	1,749
Arts Commission				
Other expenses	34,625	34,625	32,666	1,959
Total arts commission	34,625	34,625	32,666	1,959

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, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
City Beautiful Commission				
Other expenses	6,075	6,075	4,035	2,040
Total city beautiful commission	6,075	6,075	4,035	2,040
Benham's Grove				
Personal services	142,262	142,262	121,313	20,949
Other expenses	98,440	98,440	62,345	36,095
Total Benham's Grove	240,702	240,702	183,658	57,044
Stubbs Park				
Other expenses	163,975	163,975	110,373	53,602
Total Stubbs Park	163,975	163,975	110,373	53,602
Total Expenses	11,903,826	12,091,209	11,305,665	785,544
Excess (deficiency) of revenues over expenditures	4,264,638	4,077,255	6,618,612	2,541,357
Other financing sources (uses):				
Transfers (out)	(4,395,000)	(6,295,000)	(6,095,000)	200,000
Total other financing sources (uses)	(4,395,000)	(6,295,000)	(6,095,000)	200,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(130,362)	(2,217,745)	523,612	2,741,357
Fund balance at beginning of year	11,445,364	11,445,364	11,445,364	-
Fund balance at end of year	\$ 11,315,002	\$ 9,227,619	\$ 11,968,976	\$ 2,741,357

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, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 940,000	\$ 940,000	\$ 940,230	\$ 230
Charges for services	2,500	2,500	2,102	(398)
Interest earned	2,500	2,500	2,921	421
Miscellaneous and reimbursements	-	-	41	41
Total revenues	<u>945,000</u>	<u>945,000</u>	<u>945,294</u>	<u>294</u>
Expenditures:				
Current:				
Transportation				
Personal services	1,773,783	1,773,783	1,677,270	96,513
Other expenses	<u>537,041</u>	<u>537,041</u>	<u>462,000</u>	<u>75,041</u>
Total transportation	2,310,824	2,310,824	2,139,270	171,554
Excess (deficiency) of revenues over expenditures	(1,365,824)	(1,365,824)	(1,193,976)	171,848
Other financing sources (uses):				
Transfers in	<u>1,450,000</u>	<u>1,450,000</u>	<u>1,450,000</u>	-
Total other financing sources (uses)	1,450,000	1,450,000	1,450,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	84,176	84,176	256,024	171,848
Fund balance at beginning of year	<u>236,086</u>	<u>236,086</u>	<u>236,086</u>	-
Fund balance at end of year	<u>\$ 320,262</u>	<u>\$ 320,262</u>	<u>\$ 492,110</u>	<u>\$ 171,848</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, 2012

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, 2012

(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, 2012.

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

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

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

- (1) Revenues are recorded when received in cash (budget) as opposed to when they are both measurable and available (GAAP).
- (2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- (3) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to an assignment of fund balance (GAAP).
- (4) Some funds are reported as part of the General Fund (GAAP basis) as opposed to the General Fund being reported alone (budget basis).

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

<u>Net Change in Fund Balance</u>	<u>General Fund</u>	<u>Street Construction and Maintenance Fund</u>
GAAP basis	(\$245,111)	\$265,151
Net adjustment for revenue accruals	726,092	(753)
Net adjustment for expenditure accruals	149,605	12,251
Net adjustment for encumbrances	(106,974)	(20,625)
Budget basis	<u>\$ 523,612</u>	<u>\$256,024</u>



Combining Statements & Individual Fund Schedules



City of Centerville, Ohio

Fund Descriptions

Non-Major Special Revenue Funds

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

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

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

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

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

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

Non-Major Debt Service Fund

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

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

Non-Major Capital Projects Funds

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

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

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

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

Internal Service Funds

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

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

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

Agency Fund

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

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

City of Centerville, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$840,944	\$56,394	\$3,218,760	\$4,116,098
Receivables (Net):				
Accounts	0	0	3,214	3,214
Intergovernmental	37,112	0	18,833	55,945
Inventory	13,801	0	0	13,801
Total Assets	891,857	56,394	3,240,807	4,189,058
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	202	23,026	24,627	47,855
Contracts Payable	0	0	0	0
Deferred Revenue	24,727	0	196,497	221,224
Total Liabilities	24,929	23,026	221,124	269,079
Fund Balances:				
Nonspendable	13,801	0	0	13,801
Restricted	853,127	0	416,705	1,269,832
Assigned	0	33,368	2,602,978	2,636,346
Total Fund Balances	866,928	33,368	3,019,683	3,919,979
Total Liabilities and Fund Balances	\$891,857	\$56,394	\$3,240,807	\$4,189,058

City of Centerville, Ohio
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Fines, Licenses & Permits	\$1,254	\$0	\$0	\$1,254
Investment Earnings	6,841	699	27,868	35,408
Intergovernmental	145,576	0	74,695	220,271
Special Assessments	0	0	10,605	10,605
Other Revenues	942	0	18,855	19,797
Total Revenues	154,613	699	132,023	287,335
Expenditures:				
Current:				
General Government	0	23,026	11,650	34,676
Public Safety	543	0	0	543
Transportation	58,548	0	6,956	65,504
Capital Outlay	2,600	0	1,126,495	1,129,095
Debt Service:				
Principal	0	128,966	0	128,966
Interest and Other Charges	0	33,013	0	33,013
Total Expenditures	61,691	185,005	1,145,101	1,391,797
Excess of Revenues Over (Under) Expenditures	92,922	(184,306)	(1,013,078)	(1,104,462)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	1,514	1,514
Transfers In	0	165,000	1,450,000	1,615,000
Total Other Financing Sources (Uses)	0	165,000	1,451,514	1,616,514
Net Change in Fund Balance	92,922	(19,306)	438,436	512,052
Fund Balance - Beginning of Year, Restated	769,912	52,674	2,581,247	3,403,833
Change in Reserve for Inventory	4,094	0	0	4,094
Fund Balance - End of Year	\$866,928	\$33,368	\$3,019,683	\$3,919,979

City of Centerville, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	State Highway	Law Enforcement	Enforcement and Education	Drug Law	Police Grants	Total Nonmajor Special Revenue Funds
Assets:						
Equity in Pooled Cash and Investments	\$135,993	\$293,085	\$28,449	\$990	\$382,427	\$840,944
Receivables (Net):						
Intergovernmental	37,112	0	0	0	0	37,112
Inventory	13,801	0	0	0	0	13,801
Total Assets	186,906	293,085	28,449	990	382,427	891,857
Liabilities and Fund Balances:						
Liabilities:						
Accounts Payable	202	0	0	0	0	202
Deferred Revenue	24,727	0	0	0	0	24,727
Total Liabilities	24,929	0	0	0	0	24,929
Fund Balances:						
Nonspendable	13,801	0	0	0	0	13,801
Restricted	148,176	293,085	28,449	990	382,427	853,127
Total Fund Balances	161,977	293,085	28,449	990	382,427	866,928
Total Liabilities and Fund Balances	\$186,906	\$293,085	\$28,449	\$990	\$382,427	\$891,857

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, 2012

	State Highway	Law Enforcement	Enforcement and Education	Drug Law	Police Grants	Total Nonmajor Special Revenue Funds
Revenues:						
Fines, Licenses & Permits	\$0	\$0	\$1,254	\$0	\$0	\$1,254
Investment Earnings	1,079	2,561	241	9	2,951	6,841
Intergovernmental	76,296	0	722	0	68,558	145,576
Other Revenues	0	942	0	0	0	942
Total Revenues	77,375	3,503	2,217	9	71,509	154,613
Expenditures:						
Current:						
Public Safety	0	44	0	0	499	543
Transportation	58,548	0	0	0	0	58,548
Capital Outlay	0	2,600	0	0	0	2,600
Total Expenditures	58,548	2,644	0	0	499	61,691
Net Change in Fund Balance	18,827	859	2,217	9	71,010	92,922
Fund Balance - Beginning of Year	139,056	292,226	26,232	981	311,417	769,912
Change in Reserve for Inventory	4,094	0	0	0	0	4,094
Fund Balance - End of Year	\$161,977	\$293,085	\$28,449	\$990	\$382,427	\$866,928

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, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenues	\$ 75,000	\$ 75,000	\$ 76,235	\$ 1,235
Interest earned	<u>1,300</u>	<u>1,300</u>	<u>1,079</u>	<u>(221)</u>
Total revenues	76,300	76,300	77,314	1,014
Expenditures:				
Transportation				
Other expenses	<u>93,100</u>	<u>93,100</u>	<u>58,981</u>	<u>34,119</u>
Total expenditures	93,100	93,100	58,981	34,119
Excess (deficiency) of revenues over expenditures	(16,800)	(16,800)	18,333	35,133
Fund balance at beginning of year	<u>117,661</u>	<u>117,661</u>	<u>117,661</u>	<u>-</u>
Fund balance at end of year	<u>\$ 100,861</u>	<u>\$ 100,861</u>	<u>\$ 135,994</u>	<u>\$ 35,133</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, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 3,400	\$ 3,400	\$ 2,561	\$ (839)
Miscellaneous and reimbursements	<u>2,000</u>	<u>2,000</u>	<u>942</u>	<u>(1,058)</u>
Total revenues	5,400	5,400	3,503	(1,897)
Expenditures:				
Public Safety				
Other expenses	<u>6,350</u>	<u>6,350</u>	<u>2,644</u>	<u>3,706</u>
Total expenditures	6,350	6,350	2,644	3,706
Excess (deficiency) of revenues over expenditures	(950)	(950)	859	1,809
Fund balance at beginning of year	<u>292,227</u>	<u>292,227</u>	<u>292,227</u>	<u>-</u>
Fund balance at end of year	<u>\$ 291,277</u>	<u>\$ 291,277</u>	<u>\$ 293,086</u>	<u>\$ 1,809</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, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Fines, licenses, and permits	\$ 1,000	\$ 1,000	\$ 1,279	\$ 279
Interest earned	300	300	241	(59)
Miscellaneous and reimbursements	<u>2,500</u>	<u>2,500</u>	<u>722</u>	<u>(1,778)</u>
Total revenues	3,800	3,800	2,242	(1,558)
Expenditures:				
Public Safety				
Other expenses	<u>5,000</u>	<u>5,000</u>	-	<u>5,000</u>
Total expenditures	5,000	5,000	-	5,000
Excess (deficiency) of revenues over expenditures	(1,200)	(1,200)	2,242	3,442
Fund balance at beginning of year	<u>26,210</u>	<u>26,210</u>	<u>26,210</u>	-
Fund balance at end of year	<u>\$ 25,010</u>	<u>\$ 25,010</u>	<u>\$ 28,452</u>	<u>\$ 3,442</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, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 10	\$ 10	\$ 9	\$ (1)
Total revenues	10	10	9	(1)
Expenditures:				
Public Safety				
Other expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	10	10	9	(1)
Fund balance at beginning of year	<u>981</u>	<u>981</u>	<u>981</u>	-
Fund balance at end of year	<u>\$ 991</u>	<u>\$ 991</u>	<u>\$ 990</u>	<u>\$ (1)</u>

City of Centerville, Ohio
 Schedule of Revenue, Expenditures, & Changes in Fund Balances -
 Budget and Actual - Budgetary (Non-GAAP) Basis
 Police Grants Fund
 For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	\$ 10,000	\$ 10,000	\$ 68,558	\$ 58,558
Interest earned	<u>3,000</u>	<u>3,000</u>	<u>2,951</u>	<u>(49)</u>
Total revenues	13,000	13,000	71,509	58,509
Expenditures:				
Public Safety				
Other expenses	<u>123,000</u>	<u>123,000</u>	<u>499</u>	<u>122,501</u>
Total expenditures	123,000	123,000	499	122,501
Excess (deficiency) of revenues over expenditures	(110,000)	(110,000)	71,010	181,010
Fund balance at beginning of year	<u>311,418</u>	<u>311,418</u>	<u>311,418</u>	<u>-</u>
Fund balance at end of year	<u>\$ 201,418</u>	<u>\$ 201,418</u>	<u>\$ 382,428</u>	<u>\$ 181,010</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, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 1,000	\$ 1,000	\$ 699	\$ (301)
Total revenues	1,000	1,000	699	(301)
Expenditures:				
Debt service	161,980	161,980	161,979	1
Total expenditures	161,980	161,980	161,979	1
Excess (deficiency) of revenues over expenditures	(160,980)	(160,980)	(161,280)	(300)
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	4,020	4,020	3,720	(300)
Fund balance at beginning of year	52,675	52,675	52,675	-
Fund balance at end of year	\$ 56,695	\$ 56,695	\$ 56,395	\$ (300)

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, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 6,500	\$ 6,500	\$ 4,855	\$ (1,645)
Special assessments	616,558	616,558	622,397	5,839
Total revenues	623,058	623,058	627,252	4,194
Expenditures:				
Debt service	601,112	601,112	600,049	1,063
Total expenditures	601,112	601,112	600,049	1,063
Excess (deficiency) of revenues over expenditures	21,946	21,946	27,203	5,257
Fund balance at beginning of year	306,837	306,837	306,837	-
Fund balance at end of year	\$ 328,783	\$ 328,783	\$ 334,040	\$ 5,257

City of Centerville, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012

	Capital Improvements	Capital Equipment Purchase	Special Assessment Improvements	Total Nonmajor Capital Projects Funds
Assets:				
Equity in Pooled Cash and Investments	\$2,463,446	\$338,609	\$416,705	\$3,218,760
Receivables (Net):				
Accounts	3,214	0	0	3,214
Intergovernmental	18,833	0	0	18,833
Total Assets	2,485,493	338,609	416,705	3,240,807
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	12,977	11,650	0	24,627
Contracts Payable	0	0	0	0
Deferred Revenue	196,497	0	0	196,497
Total Liabilities	209,474	11,650	0	221,124
Fund Balances:				
Restricted	0	0	416,705	416,705
Assigned	2,276,019	326,959	0	2,602,978
Total Fund Balances	2,276,019	326,959	416,705	3,019,683
Total Liabilities and Fund Balances	\$2,485,493	\$338,609	\$416,705	\$3,240,807

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, 2012

	Capital Improvements	Capital Equipment Purchase	Special Assessment Improvements	Total Nonmajor Capital Projects Funds
Revenues:				
Investment Earnings	\$22,176	\$2,097	\$3,595	\$27,868
Intergovernmental	74,695	0	0	74,695
Special Assessments	0	0	10,605	10,605
Other Revenues	18,855	0	0	18,855
Total Revenues	115,726	2,097	14,200	132,023
Expenditures:				
Current:				
General Government	0	11,650	0	11,650
Transportation	6,956	0	0	6,956
Capital Outlay	1,075,363	51,132	0	1,126,495
Total Expenditures	1,082,319	62,782	0	1,145,101
Excess of Revenues Over (Under) Expenditures	(966,593)	(60,685)	14,200	(1,013,078)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	1,514	0	1,514
Transfers In	1,250,000	200,000	0	1,450,000
Total Other Financing Sources (Uses)	1,250,000	201,514	0	1,451,514
Net Change in Fund Balance	283,407	140,829	14,200	438,436
Fund Balance - Beginning of Year	1,992,612	186,130	402,505	2,581,247
Fund Balance - End of Year	\$2,276,019	\$326,959	\$416,705	\$3,019,683

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, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 2,500	\$ 2,500	\$ 2,097	\$ (403)
Sale of property	-	-	1,514	1,514
Total revenues	2,500	2,500	3,611	1,111
Expenditures:				
General Government				
Other expenses	208,108	208,108	103,990	104,118
Total expenditures	208,108	208,108	103,990	104,118
Excess (deficiency) of revenues over expenditures	(205,608)	(205,608)	(100,379)	105,229
Other financing sources (uses):				
Transfers in	200,000	200,000	200,000	-
Total other financing sources (uses)	200,000	200,000	200,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(5,608)	(5,608)	99,621	105,229
Fund balance at beginning of year	196,325	196,325	196,325	-
Fund balance at end of year	\$ 190,717	\$ 190,717	\$ 295,946	\$ 105,229

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, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 13,500	\$ 13,500	\$ 10,605	\$ (2,895)
Interest earned	6,500	6,500	3,595	(2,905)
Total revenues	20,000	20,000	14,200	(5,800)
Expenditures:				
General Government				
Other expenses	10,000	10,000	-	10,000
Total expenditures	10,000	10,000	-	10,000
Excess (deficiency) of revenues over expenditures	10,000	10,000	14,200	4,200
Fund balance at beginning of year	402,507	402,507	402,507	-
Fund balance at end of year	\$ 412,507	\$ 412,507	\$ 416,707	\$ 4,200

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, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ 568,526	\$ 568,526	\$ 179,455	\$ (389,071)
Interest earned	25,000	25,000	22,176	(2,824)
Sale of property	-	-	-	-
Miscellaneous and reimbursements	<u>2,000,308</u>	<u>-</u>	<u>27,615</u>	<u>27,615</u>
Total revenues	2,593,834	593,526	229,246	(364,280)
Expenditures:				
General Government				
Other expenses	<u>4,841,509</u>	<u>2,575,205</u>	<u>1,846,754</u>	<u>728,451</u>
Total expenditures	4,841,509	2,575,205	1,846,754	728,451
Excess (deficiency) of revenues over expenditures	(2,247,675)	(1,981,679)	(1,617,508)	364,171
Other financing sources (uses):				
Transfers in	<u>1,250,000</u>	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>
Total other financing sources (uses)	1,250,000	1,250,000	1,250,000	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(997,675)	(731,679)	(367,508)	364,171
Fund balance at beginning of year	<u>2,161,916</u>	<u>2,161,916</u>	<u>2,161,916</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,164,241</u>	<u>\$ 1,430,237</u>	<u>\$ 1,794,408</u>	<u>\$ 364,171</u>

City of Centerville, Ohio

Fund Descriptions

Other General Funds

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

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

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

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

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Friends of Benham's Grove Fund ¹
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 100	\$ 100	\$ 84	\$ (16)
Miscellaneous and reimbursements	4,900	4,900	3,287	(1,613)
Total revenues	5,000	5,000	3,371	(1,629)
Expenditures:				
Recreation				
Other expenses	5,000	5,000	2,356	2,644
Total expenditures	5,000	5,000	2,356	2,644
Excess (deficiency) of revenues over expenditures	-	-	1,015	1,015
Fund balance at beginning of year	9,450	9,450	9,450	-
Fund balance at end of year	\$ 9,450	\$ 9,450	\$ 10,465	\$ 1,015

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

City of Centerville, Ohio
Schedule of Revenue, Expenditures, & Changes in Fund Balances -
Budget and Actual - Budgetary (Non-GAAP) Basis
Hospital Insurance Fund ¹
For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 48	\$ 48	\$ 48	\$ -
Total revenues	48	48	48	-
Expenditures:				
General Government				
Personal services	13,883	13,883	13,883	-
Total expenditures	13,883	13,883	13,883	-
Excess (deficiency) of revenues over expenditures	(13,835)	(13,835)	(13,835)	-
Fund balance at beginning of year	13,835	13,835	13,835	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

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

City of Centerville, Ohio
 Schedule of Revenue, Expenditures, & Changes in Fund Balances -
 Budget and Actual - Budgetary (Non-GAAP) Basis
 Police Operations Project Fund ¹
 For the Year Ended December 31, 2012

	Original Budget	Final Budget	Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:				
Interest earned	\$ 800	\$ 800	\$ 603	\$ (197)
Total revenues	<u>800</u>	<u>800</u>	<u>603</u>	<u>(197)</u>
Expenditures:				
Public Safety				
Other expenses	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Excess (deficiency) of revenues over expenditures	(1,200)	(1,200)	603	1,803
Fund balance at beginning of year	<u>68,837</u>	<u>68,837</u>	<u>68,837</u>	<u>-</u>
Fund balance at end of year	<u>\$ 67,637</u>	<u>\$ 67,637</u>	<u>\$ 69,440</u>	<u>\$ 1,803</u>

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

City of Centerville, Ohio
Combining Statement of Net Position
Internal Service Funds
December 31, 2012

	Central Vehicle Purchase	Insurance Deductible	Total Internal Service Funds
Current Assets:			
Equity in Pooled Cash and Investments	\$930,757	\$18,147	\$948,904
Receivables (Net):			
Accounts	<u>0</u>	<u>189</u>	<u>189</u>
Total Current Assets	<u>930,757</u>	<u>18,336</u>	<u>949,093</u>
Depreciable Capital Assets, Net	<u>1,061,088</u>	<u>0</u>	<u>1,061,088</u>
Total Noncurrent Assets	<u>1,061,088</u>	<u>0</u>	<u>1,061,088</u>
Total Assets	<u>1,991,845</u>	<u>18,336</u>	<u>2,010,181</u>
Liabilities:			
Current Liabilities:			
Accounts Payable	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Net Position:			
Net Investment in Capital Assets	1,061,088	0	1,061,088
Unrestricted	<u>930,757</u>	<u>18,336</u>	<u>949,093</u>
Total Net Position	<u><u>\$1,991,845</u></u>	<u><u>\$18,336</u></u>	<u><u>\$2,010,181</u></u>

City of Centerville, Ohio
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended December 31, 2012

	Central Vehicle Purchase	Insurance Deductible	Total Internal Service Funds
Operating Revenues:			
Charges for Services	\$259,960	\$0	\$259,960
Other Revenues	0	53,601	53,601
Total Operating Revenues	<u>259,960</u>	<u>53,601</u>	<u>313,561</u>
Operating Expenses:			
Purchased Services	0	16,898	16,898
Supplies and Materials	43,126	0	43,126
Other Expenses	0	20,042	20,042
Depreciation	247,552	0	247,552
Total Operating Expenses	<u>290,678</u>	<u>36,940</u>	<u>327,618</u>
Operating Income (Loss)	<u>(30,718)</u>	<u>16,661</u>	<u>(14,057)</u>
Non-Operating Revenues (Expenses):			
Investment Earnings	8,389	92	8,481
Gain (Loss) on Disposal of Capital Assets	41,686	0	41,686
Total Non-Operating Revenues (Expenses)	<u>50,075</u>	<u>92</u>	<u>50,167</u>
Change in Net Position	19,357	16,753	36,110
Net Position - Beginning of Year	<u>1,972,488</u>	<u>1,583</u>	<u>1,974,071</u>
Net Position - End of Year	<u><u>\$1,991,845</u></u>	<u><u>\$18,336</u></u>	<u><u>\$2,010,181</u></u>

City of Centerville, Ohio
 Statement of Cash Flows
 Internal Service Funds
 For the Fiscal Year Ended December 31, 2012

	Central Vehicle Purchase	Insurance Deductible	Total Internal Service Funds
Cash Flows from Operating Activities:			
Cash Received from Customers	\$259,960	\$53,957	\$313,917
Cash Payments to Suppliers	(43,726)	(44,834)	(88,560)
Net Cash Provided (Used) by Operating Activities	<u>216,234</u>	<u>9,123</u>	<u>225,357</u>
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(228,227)	0	(228,227)
Proceeds on the Disposal of Capital Assets	41,686	0	41,686
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(186,541)</u>	<u>0</u>	<u>(186,541)</u>
Cash Flows from Investing Activities:			
Earnings on Investments	8,389	92	8,481
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>8,389</u>	<u>92</u>	<u>8,481</u>
Net Increase (Decrease) in Cash and Cash Equivalents	38,082	9,215	47,297
Cash and Cash Equivalents - Beginning of Year	<u>892,675</u>	<u>8,932</u>	<u>901,607</u>
Cash and Cash Equivalents - End of Year	<u>930,757</u>	<u>18,147</u>	<u>948,904</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	(30,718)	16,661	(14,057)
Adjustments:			
Depreciation	247,552	0	247,552
Changes in Assets & Liabilities:			
(Increase) Decrease in Receivables	0	356	356
Increase (Decrease) in Payables	(600)	(7,894)	(8,494)
Net Cash Provided (Used) by Operating Activities	<u>\$216,234</u>	<u>\$9,123</u>	<u>\$225,357</u>

City of Centerville, Ohio
Statement of Changes In Assets and Liabilities
Agency Fund
For the Fiscal Year Ended December 31, 2012

	Agency Fund			Ending Balance
	Beginning Balance	Additions	Deductions	
Assets:				
Equity in Pooled Cash and Investments	\$140,864	\$180,319	\$208,208	\$112,975
Prepaid Items	4,589	1,568	4,589	1,568
Total Assets	<u>145,453</u>	<u>181,887</u>	<u>212,797</u>	<u>114,543</u>
Liabilities:				
Accounts Payable	6,352	0	6,352	0
Undistributed Monies	139,101	181,887	206,445	114,543
Total Liabilities	<u>\$145,453</u>	<u>\$181,887</u>	<u>\$212,797</u>	<u>\$114,543</u>





Statistical Section



City of Centerville, Ohio
Statistical Section

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

Contents

Financial Trends (Schedules 1-4)

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

Revenue Capacity (Schedules 5-6)

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

Debt Capacity (Schedules 7-8)

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

Economic and Demographic Information (Schedules 9-10)

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

Operating Information (Schedules 11-13)

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

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

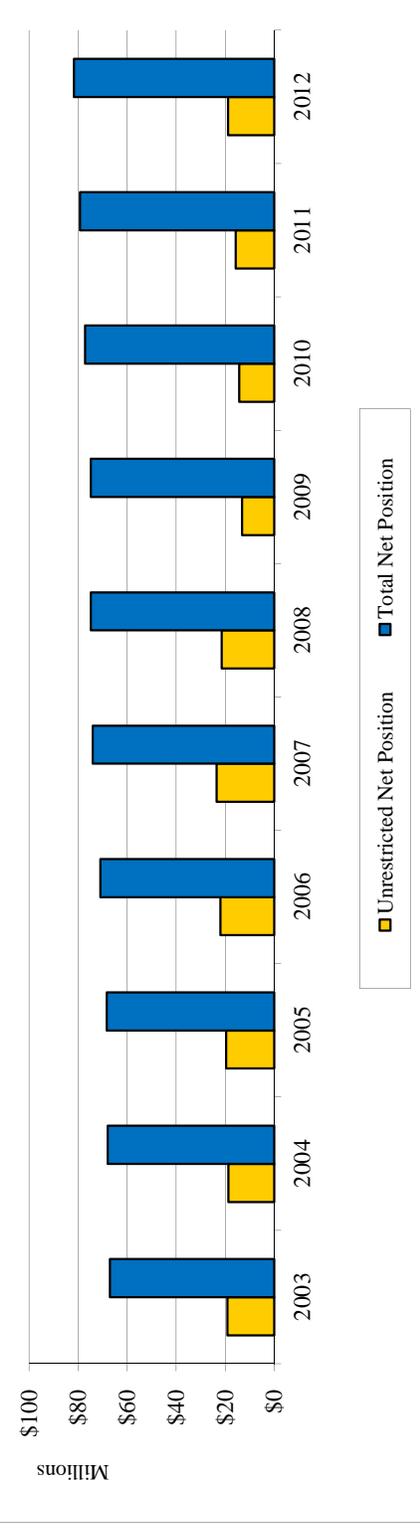


Schedule 1

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Net investment in capital assets	\$ 12,654,880	\$ 14,431,202	\$ 14,775,382	\$ 15,524,569	\$ 17,894,980	\$ 19,613,962	\$ 24,604,731	\$ 40,098,262	\$ 39,255,568	\$ 38,096,137
Restricted	16,120,996	15,667,728	14,909,798	14,457,571	14,040,906	14,946,987	18,377,007	15,273,979	14,697,393	12,246,392
Unrestricted	18,481,736	18,224,011	19,211,760	21,559,415	22,839,677	21,085,466	12,788,888	13,822,659	15,443,474	18,154,274
Total governmental activities net position	47,257,612	48,322,941	48,896,940	51,541,555	54,775,563	55,646,415	55,770,626	69,194,900	69,396,435	68,496,803
Business-type activities:										
Net investment in capital assets	19,150,434	19,182,647	19,032,210	18,882,237	18,703,791	18,902,761	18,746,671	6,192,798	9,252,994	9,615,094
Restricted	0	0	0	0	0	0	0	1,291,866	319,734	2,921,719
Unrestricted	656,116	440,828	342,297	439,425	604,615	292,921	251,398	421,897	204,199	605,890
Total business-type activities net position	19,806,550	19,623,475	19,374,507	19,321,662	19,308,406	19,195,682	18,998,069	7,906,561	9,776,927	13,142,703
Total										
Net investment in capital assets	31,805,314	33,613,849	33,807,592	34,406,806	36,598,771	38,516,723	43,351,402	46,291,060	48,508,562	47,711,231
Restricted	16,120,996	15,667,728	14,909,798	14,457,571	14,040,906	14,946,987	18,377,007	16,565,845	15,017,127	15,168,111
Unrestricted	19,137,852	18,664,839	19,554,057	21,998,840	23,444,292	21,378,387	13,040,286	14,244,556	15,647,673	18,760,164
Total net position	\$ 67,064,162	\$ 67,946,416	\$ 68,271,447	\$ 70,863,217	\$ 74,083,969	\$ 74,842,097	\$ 74,768,695	\$ 77,101,461	\$ 79,173,362	\$ 81,639,506

Source: City of Centerville, Ohio,
Finance Department



Schedule 2

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Expenses										
Governmental activities:										
General government	\$ 5,233,702	\$ 4,280,576	\$ 4,874,691	\$ 4,654,614	\$ 5,654,478	\$ 5,058,930	\$ 5,325,348	\$ 4,527,738	\$ 4,920,870	\$ 4,974,806
Public safety	5,067,412	5,296,904	5,478,545	5,760,988	5,929,666	6,696,189	6,380,789	6,453,724	6,814,464	6,505,994
Community environment	226,539	225,372	236,856	258,913	269,732	279,440	318,856	311,971	264,650	250,836
Recreation	337,779	371,276	374,091	460,627	340,320	346,219	449,597	305,028	308,379	291,908
Transportation	3,132,375	3,158,165	3,331,467	3,515,160	3,564,160	3,755,978	3,810,418	4,605,002	4,233,694	4,190,140
Interest and other charges	1,058,305	1,260,351	1,233,977	1,207,117	1,180,046	1,166,734	1,122,739	404,629	386,256	370,007
Total governmental activities expenses	15,056,112	14,592,644	15,529,627	15,857,419	16,938,402	17,303,490	17,407,747	16,608,092	16,928,313	16,583,691
Business-type activities:										
Waste collection	1,232,981	1,242,631	1,301,490	1,205,575	1,231,440	1,313,378	1,269,212	1,373,087	1,634,734	1,483,622
Golf course*	3,924,753	3,957,023	3,772,661	4,030,721	4,036,938	4,068,620	3,912,575	3,878,151	3,681,797	3,299,097
Golf course equipment purchases*	126,307	162,761	127,381	150,057	134,794	23,874	264,021	0	0	0
Total business-type activities expenses	5,284,041	5,362,415	5,201,532	5,386,353	5,403,172	5,405,872	5,445,808	5,251,238	5,316,531	4,782,719
Total expenses	\$ 20,340,153	\$ 19,955,059	\$ 20,731,159	\$ 21,243,772	\$ 22,341,574	\$ 22,709,362	\$ 22,853,555	\$ 21,859,330	\$ 22,244,844	\$ 21,366,410
Program revenues										
Governmental activities:										
General government	\$ 1,049,807	\$ 1,085,680	\$ 1,269,645	\$ 1,616,115	\$ 2,563,768	\$ 1,899,923	\$ 1,807,830	\$ 1,142,745	\$ 1,175,710	\$ 629,043
Public safety	208,623	243,912	257,037	284,350	220,194	183,639	115,415	446,149	475,204	206,373
Community environment	100,120	200,857	100	0	100	0	0	0	0	0
Recreation	122,699	183,670	165,080	215,775	154,566	137,681	142,969	151,487	150,526	176,343
Transportation	1,076,721	1,145,370	1,225,852	1,151,774	1,324,464	1,094,854	990,740	1,512,741	1,010,827	1,009,736
Total governmental activities program revenues	2,557,970	2,859,489	2,917,714	3,268,014	4,263,092	3,316,097	3,056,954	3,253,122	2,812,267	2,021,495
Business-type activities:										
Waste collection	1,083,707	1,098,132	1,115,830	1,327,914	1,335,906	1,364,427	1,355,461	1,349,642	1,370,233	1,369,371
Golf course*	3,500,997	3,476,082	3,285,079	3,423,346	3,805,475	3,632,659	3,513,628	3,647,031	3,432,372	3,720,572
Golf course equipment purchases*	119,600	120,200	129,370	129,460	101,637	148,740	205,266	0	0	0
Total business-type activities program revenues	4,704,304	4,694,414	4,530,279	4,880,720	5,243,018	5,145,826	5,074,355	4,996,673	4,802,605	5,089,943
Total program revenues	\$ 7,262,274	\$ 7,553,903	\$ 7,447,993	\$ 8,148,734	\$ 9,506,110	\$ 8,461,923	\$ 8,131,309	\$ 8,249,795	\$ 7,614,872	\$ 7,111,438

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

Schedule 2 (continued)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (Expense) Revenue										
Governmental activities:										
General government	\$ (4,183,895)	\$ (3,194,896)	\$ (3,605,046)	\$ (3,038,499)	\$ (3,090,710)	\$ (3,159,007)	\$ (3,517,518)	\$ (3,384,993)	\$ (3,745,160)	\$ (4,345,763)
Public safety	(4,858,789)	(5,052,992)	(5,221,508)	(5,476,638)	(5,709,472)	(6,512,550)	(6,265,374)	(6,007,575)	(6,339,260)	(6,299,621)
Community environment	(126,419)	(24,515)	(236,756)	(258,913)	(269,632)	(279,440)	(318,856)	(311,971)	(264,650)	(250,836)
Recreation	(215,080)	(187,606)	(209,011)	(244,852)	(185,754)	(208,538)	(306,628)	(153,541)	(157,853)	(115,566)
Transportation	(2,055,654)	(2,012,795)	(2,105,615)	(2,363,386)	(2,239,696)	(2,661,124)	(2,819,678)	(3,092,261)	(3,222,867)	(3,180,404)
Interest and other charges	(1,058,305)	(1,260,351)	(1,233,977)	(1,207,117)	(1,180,046)	(1,166,734)	(1,122,739)	(404,629)	(386,256)	(370,007)
Total governmental activities	(12,498,142)	(11,733,155)	(12,611,913)	(12,589,405)	(12,675,310)	(13,987,393)	(14,350,793)	(13,354,970)	(14,116,046)	(14,562,196)
Business-type activities:										
Waste collection	(149,274)	(144,499)	(185,660)	122,339	104,466	51,049	86,249	(23,445)	(264,501)	(114,251)
Golf course operations	(423,756)	(480,941)	(487,582)	(607,375)	(231,463)	(435,961)	(398,947)	(231,120)	(249,425)	421,475
Golf course equipment purchases	(6,707)	(42,561)	1,989	(20,597)	(33,157)	124,866	(58,755)	0	0	0
Total business-type activities	(579,737)	(668,001)	(671,253)	(505,633)	(160,154)	(260,046)	(371,453)	(254,565)	(513,926)	307,224
Total Net Expense	\$ (13,077,879)	\$ (12,401,156)	\$ (13,283,166)	\$ (13,095,038)	\$ (12,835,464)	\$ (14,247,439)	\$ (14,722,246)	\$ (13,609,535)	\$ (14,629,972)	\$ (14,254,972)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Income taxes	9,236,374	9,590,830	10,166,320	10,173,958	10,631,431	10,727,974	10,675,126	11,044,385	12,109,247	12,654,982
Property taxes	1,284,929	1,135,886	1,219,582	1,412,800	1,425,970	1,408,488	1,422,543	1,375,916	1,552,250	1,208,289
Estate taxes	963,872	983,949	843,903	1,361,063	1,372,484	1,797,828	954,495	1,602,523	1,329,517	2,014,816
Unrestricted Grants and contributions	943,425	870,889	875,005	900,997	970,556	828,058	1,092,388	1,605,345	1,170,041	336,862
Investment earnings	131,640	546,099	367,854	950,724	1,317,758	843,798	280,848	142,867	169,851	169,693
Gain on sale/disposal of capital assets	600,529	58,970	84,359	65,752	2,400	0	0	0	0	0
Miscellaneous	116,076	11,861	38,889	41,404	288,719	112,576	199,604	137,595	350,675	307,922
Special item: insurance settlement	0	0	0	777,322	0	0	0	0	0	0
Transfers	(235,000)	(400,000)	(410,000)	(450,000)	(100,000)	(97,500)	(150,000)	(1,384,000)	(2,364,000)	(3,030,000)
Total governmental activities	13,041,845	12,798,484	13,185,912	15,234,020	15,909,318	15,621,222	14,475,004	14,524,631	14,317,581	13,662,564
Business-type activities:										
Unrestricted Grants and contributions	0	63,126	0	0	0	0	0	0	0	0
Investment earnings	4,088	21,800	8,961	20,703	46,898	44,820	13,314	27,234	20,292	14,897
Gain on sale/disposal of capital assets	(48,546)	0	3,324	(17,915)	0	5,002	10,526	6,436	0	13,655
Transfers	235,000	400,000	410,000	450,000	100,000	97,500	150,000	1,384,000	2,364,000	3,030,000
Total business-type activities	190,542	484,926	422,285	452,788	146,898	147,322	173,840	1,417,670	2,384,292	3,058,552
Total	\$ 13,232,387	\$ 13,283,410	\$ 13,608,197	\$ 15,686,808	\$ 16,056,216	\$ 15,768,544	\$ 14,648,844	\$ 15,942,301	\$ 16,701,873	\$ 16,721,116
Changes in Net Position										
Governmental activities	\$ 543,703	\$ 1,065,329	\$ 573,999	\$ 2,644,615	\$ 3,234,008	\$ 1,633,829	\$ 124,211	\$ 1,169,661	\$ 201,535	\$ (899,632)
Business-type activities	(389,195)	(183,075)	(248,968)	(52,845)	(13,256)	(112,724)	(197,613)	1,163,105	1,870,366	3,365,776
Total	\$ 154,508	\$ 882,254	\$ 325,031	\$ 2,591,770	\$ 3,220,752	\$ 1,521,105	\$ (73,402)	\$ 2,332,766	\$ 2,071,901	\$ 2,466,144

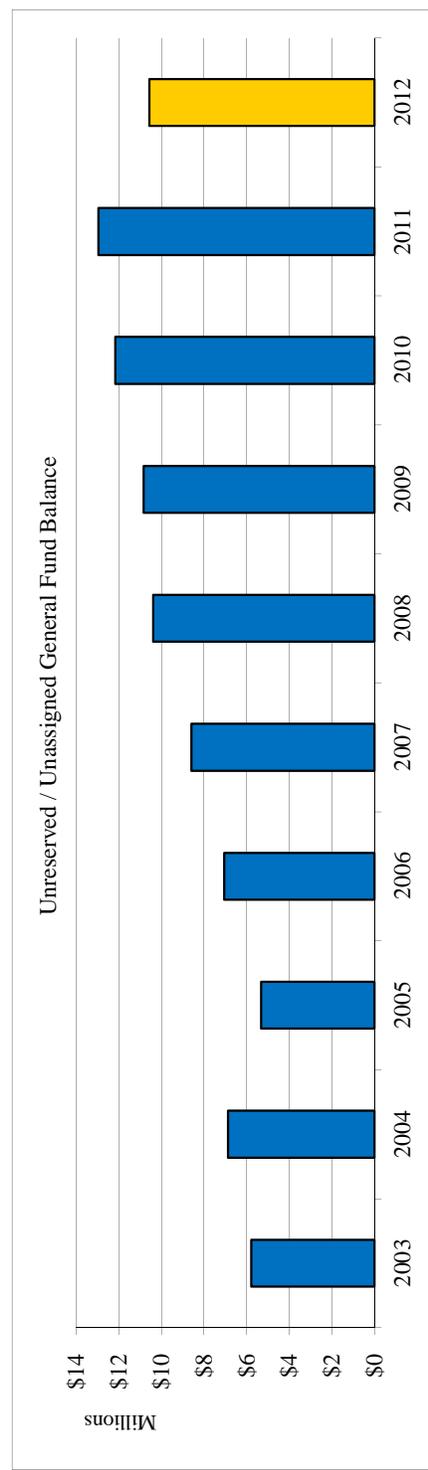
* In 2010, the golf course equipment purchase fund and golf course debt retirement fund were combined into the golf course fund.

Schedule 3

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	\$ 248,813	\$ 110,501	\$ 255,737	\$ 151,982	\$ 205,300	\$ 191,363	\$ 100,483	\$ 84,567		
Unreserved	5,780,314	6,864,596	5,312,952	7,051,787	8,594,722	10,389,316	10,838,298	12,161,229		
Nonspendable									86,327	71,031
Assigned									66,051	2,237,654
Unassigned									12,959,459	10,556,628
Total general fund	\$ 6,277,940	\$ 7,085,598	\$ 5,824,426	\$ 7,355,751	\$ 9,005,322	\$ 10,772,042	\$ 11,039,264	\$ 12,330,363	\$ 13,111,837	\$ 12,865,313
All Other Governmental Funds										
Reserved	\$ 5,301,641	\$ 3,784,779	\$ 3,740,832	\$ 4,091,514	\$ 3,824,525	\$ 3,529,890	\$ 4,495,864	\$ 968,953		
Unreserved, reported in:										
Designated for capital projects	3,000,000	4,000,000	5,000,000	6,000,000	6,000,000	6,000,000	0	0		
Special revenue funds	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	588,674		
Capital projects funds	2,489,212	1,749,357	3,055,995	2,799,194	2,287,572	1,092,947	1,629,839	1,938,885		
Nonspendable									97,671	116,580
Restricted									2,369,702	2,771,364
Assigned									2,231,416	2,636,346
Total all other governmental funds	\$ 16,778,955	\$ 14,221,683	\$ 16,232,577	\$ 17,830,827	\$ 16,950,656	\$ 14,868,279	\$ 11,451,974	\$ 5,611,910	\$ 4,698,789	\$ 5,524,290

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



Schedule 4

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

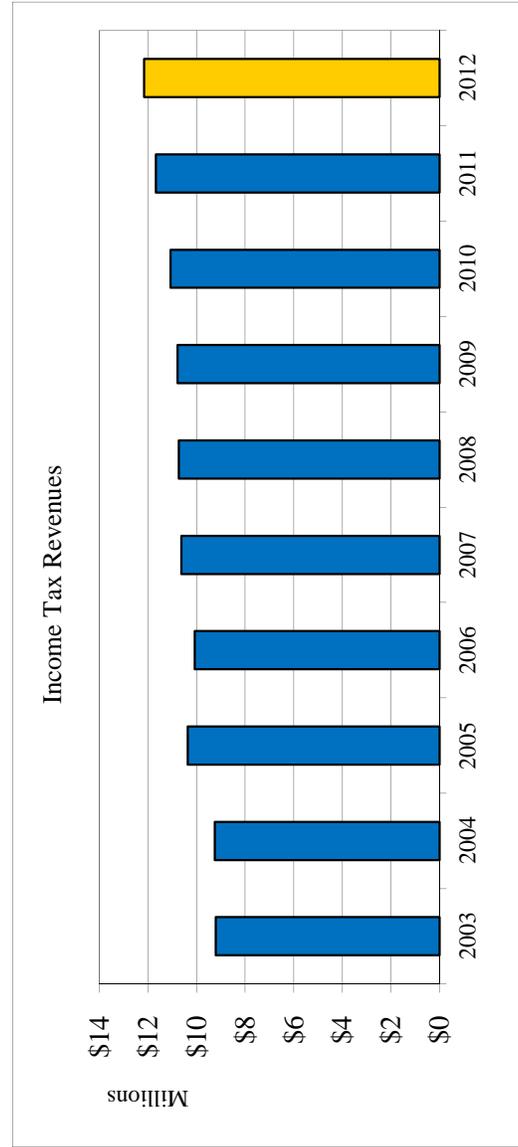
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Revenues:										
Local taxes	\$ 11,625,368	\$ 11,898,470	\$ 11,281,802	\$ 11,672,492	\$ 11,805,299	\$ 12,141,850	\$ 12,205,328	\$ 12,415,470	\$ 13,139,217	\$ 13,478,234
Intergovernmental revenue	1,940,402	2,329,184	3,230,729	4,069,897	5,261,646	4,579,295	3,859,680	5,691,747	4,404,979	3,737,724
Special assessments	667,587	637,844	650,196	631,384	626,432	639,090	611,434	653,430	645,114	664,390
Charges for services	26,269	36,621	42,539	45,898	52,126	56,023	244,532	286,024	311,042	346,123
Fines, licenses and permits	310,452	323,679	263,954	321,698	283,277	233,597	193,744	239,551	420,750	357,324
Investment income	94,140	520,173	368,414	922,811	1,292,551	899,298	245,371	188,225	164,604	167,104
Lot sales	646,128	52,963	84,359	25,752	0	0	0	0	0	0
Rent	728,240	824,160	829,570	819,045	819,395	824,253	826,908	0	0	0
Other revenue	314,790	243,138	256,104	1,124,521	523,943	289,502	194,941	475,595	350,464	307,921
Total revenues	16,353,376	16,866,232	17,007,667	19,633,498	20,664,669	19,662,908	18,381,938	19,950,042	19,436,170	19,058,820
Expenditures:										
Current:										
General government	4,675,143	4,174,281	4,622,845	4,525,068	4,746,269	4,828,726	4,994,283	4,357,833	4,585,005	4,713,589
Public safety	4,916,423	5,119,241	5,196,048	5,570,795	5,714,067	6,294,673	5,983,254	6,060,143	6,417,524	6,080,788
Community environment	229,265	223,763	222,122	251,189	268,817	275,363	311,352	289,572	289,791	236,503
Recreation	339,476	473,920	323,295	418,667	283,056	284,971	398,661	251,645	247,852	233,255
Transportation	1,584,698	1,590,739	1,663,746	1,782,635	1,913,893	2,174,233	2,167,538	2,759,094	2,248,977	2,196,400
Capital outlay	2,953,958	2,820,757	2,243,254	1,667,499	4,547,690	3,691,297	6,307,488	4,179,368	1,675,639	1,280,937
Debt service:										
Principal	349,293	944,382	970,653	964,507	976,706	1,010,299	1,057,956	352,196	357,579	363,966
Interest and other charges	1,073,865	1,213,589	1,187,271	1,160,490	1,133,500	1,111,923	1,068,124	396,992	381,753	365,600
Total expenditures	16,122,121	16,560,672	16,429,234	16,340,850	19,583,998	19,671,485	22,288,656	18,646,843	16,204,120	15,471,038
Excess (deficiency) of revenues Over (Under) expenditures	231,255	305,560	578,433	3,292,648	1,080,671	(8,577)	(3,906,718)	1,303,199	3,232,050	3,587,782
Other Financing Sources (Uses):										
Transfers in	2,600,000	2,350,000	4,500,000	2,525,000	2,625,000	2,700,000	2,919,501	2,465,000	2,465,000	3,065,000
Issuance of bonds	206,261	0	0	0	0	0	0	0	0	0
Sale of capital assets	0	0	480,000	40,000	2,400	21,825	23,221	1,755	1,000	1,514
Transfers out	(2,835,000)	(2,750,000)	(4,910,000)	(2,975,000)	(2,725,000)	(2,797,500)	(3,069,501)	(3,849,000)	(4,829,000)	(6,095,000)
Total other financing sources (uses)	(28,739)	(400,000)	70,000	(410,000)	(97,600)	(75,675)	(126,779)	(1,382,245)	(2,363,000)	(3,028,486)
Net change in fund balances	\$ 202,516	\$ (94,440)	\$ 648,433	\$ 2,882,648	\$ 983,071	\$ (84,252)	\$ (4,033,497)	\$ (79,046)	\$ 869,050	\$ 559,296
Debt service as a percentage of noncapital expenditures	10.86%	15.81%	15.11%	14.61%	13.56%	13.90%	13.30%	5.29%	5.00%	5.14%

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			
2003	\$ 6,540,595	\$ 1,890,745	\$ 785,037	\$ 9,216,377	1.75%
2004	6,514,163	1,871,115	865,552	9,250,830	1.75%
2005	6,943,943	2,195,418	1,226,959	10,366,320	1.75%
2006	6,835,183	2,012,139	1,226,857	10,074,179	1.75%
2007	7,463,667	1,969,654	1,197,889	10,631,210	1.75%
2008	7,430,109	2,097,410	1,205,843	10,733,362	1.75%
2009	7,447,029	2,034,358	1,301,398	10,782,785	1.75%
2010	7,659,730	2,014,851	1,396,973	11,071,554	1.75%
2011	8,189,169	1,456,369	2,036,033	11,681,571	1.75%
2012	8,521,201	2,080,983	1,557,613	12,159,797	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)

2012		2003	
Rank	Name	Rank	Name
1	Centerville Board of Education	1	Centerville Board of Education
2	Federal Government	2	Federal Government
3	Graceworks Lutheran Services ⁽¹⁾	3	Lutheran Social Services ⁽¹⁾
4	Miami Valley Hospital	4	Reed Elsevier, Inc.
5	Reed Elsevier, Inc.	5	Voss Auto Network, Inc.
6	Franciscan at St. Leonard	7	City of Centerville
7	City of Centerville	-	National City Corporation
8	Voss Auto Network, Inc.	6	Franciscan at St. Leonard
9	Kroger Company	-	Bob Ross Buick, Inc.
10	Huffy Corporation	9	Kroger Company

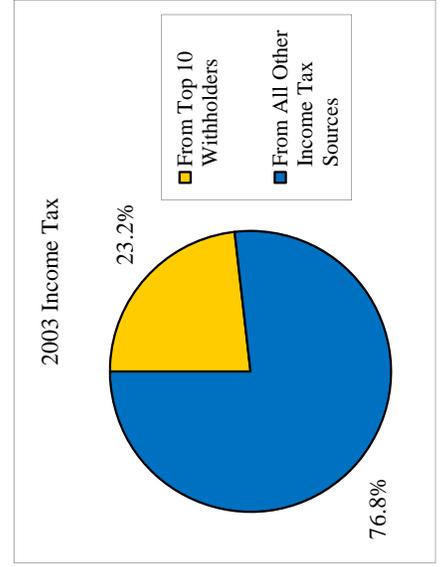
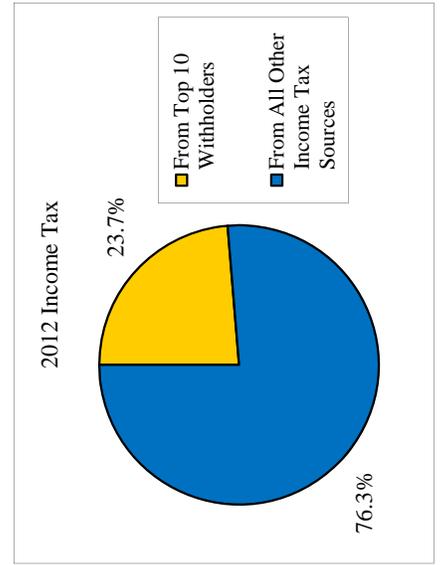
Combined percentage of total income taxes:
23.7%

Combined percentage of total income taxes:
23.2%

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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Obligation Bonds	\$ 19,125,000	\$ 18,405,000	\$ 17,665,000	\$ 16,910,000	\$ 16,145,000	\$ 15,355,000	\$ 14,530,000	\$ 13,680,000	\$ 10,375,000	\$ 9,580,000
Percent of estimated actual property value	3.41%	3.22%	2.97%	2.64%	2.50%	2.37%	2.21%	2.06%	1.59%	1.52%
Per capita	\$828	\$796	\$763	\$734	\$699	\$665	\$634	\$570	\$432	\$399
Special Assessment Bonds	7,776,000	7,586,000	7,391,000	7,187,000	6,981,000	6,782,000	6,568,000	6,339,000	6,105,000	6,105,000
Promissory Notes	0	0	0	0	0	814,034	795,078	756,882	718,303	679,337
Total Gross Indebtedness	\$ 26,901,000	\$ 25,991,000	\$ 25,056,000	\$ 24,097,000	\$ 23,126,000	\$ 22,951,034	\$ 21,893,078	\$ 20,775,882	\$ 17,198,303	\$ 16,364,337
Percent of personal income	3.86%	3.72%	3.58%	3.46%	3.31%	3.19%	3.19%	2.45%	2.02%	1.93%
Per capita	\$1,165	\$1,124	\$1,082	\$1,046	\$1,001	\$994	\$956	\$866	\$717	\$682
Less debt not subject to limitation:										
General Obligation Bonds issued in anticipation of the collection	19,125,000	18,405,000	17,665,000	16,910,000	16,145,000	15,355,000	14,530,000	13,680,000	10,375,000	9,580,000
Special Assessment Bonds issued in anticipation of the collection	7,776,000	7,586,000	7,391,000	7,187,000	6,981,000	6,782,000	6,568,000	6,339,000	6,105,000	6,105,000
Net debt within limitations for both Voted and Unvoted debt	0	0	0	0	0	814,034	795,078	756,882	718,303	679,337
Debt limitation for both Voted and Unvoted debt 10.5% of assessed valuation	\$ 58,804,072	\$ 60,063,054	\$ 62,375,359	\$ 67,269,389	\$ 67,864,813	\$ 68,043,973	\$ 69,005,034	\$ 69,673,830	\$ 68,303,535	\$ 66,145,496
Legal Debt Margin within 10.5% limitation	\$ 58,804,072	\$ 60,063,054	\$ 62,375,359	\$ 67,269,389	\$ 67,864,813	\$ 67,229,939	\$ 68,209,956	\$ 68,916,948	\$ 67,585,232	\$ 65,466,159
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%	1.20%	1.15%	1.09%	1.05%	1.03%
Debt limitation for Unvoted debt 5.5% of assessed valuation	\$ 30,802,133	\$ 31,461,600	\$ 32,672,807	\$ 35,236,346	\$ 35,548,235	\$ 35,642,081	\$ 36,145,494	\$ 36,495,816	\$ 35,778,042	\$ 34,647,641
Legal Debt Margin within 5.5% limitation	\$ 30,802,133	\$ 31,461,600	\$ 32,672,807	\$ 35,236,346	\$ 35,548,235	\$ 34,828,047	\$ 35,350,416	\$ 35,738,934	\$ 35,059,739	\$ 33,968,304
Net debt within limitations for Unvoted debt as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	2.28%	2.20%	2.07%	2.01%	1.96%

Source: City of Centerville, Ohio, Finance Department

City of Centerville, Ohio
Direct and Overlapping General Obligation Debt
As of December 31, 2012

Jurisdiction	Net Debt Outstanding	Percentage Applicable To City	Amount Applicable To City of Centerville
Direct:			
City of Centerville	\$ 7,024,114	100.00%	\$ 7,024,114
Overlapping:			
Montgomery County	2,385,000	6.74%	160,749
Centerville City School District	5,805,000	38.16%	2,215,188
Centerville-Washington Park District	50,000	38.19%	19,095
Miami Valley Regional Transit Authority	0	6.74%	0
Greene County	26,214,000	0.07%	18,350
Bellbrook-Sugarcreek Local School District	35,665,000	0.55%	196,158
Greene County Joint Vocational School	116,668	0.07%	82
Sugar Creek Township	1,370,000	0.82%	11,234
		Subtotal - Overlapping	2,620,856
			<u>\$ 9,644,970</u>

Total Direct and Overlapping Debt

Source: Ohio Municipal Advisory Council

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

Schedule 9

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

Year	Population (1)(a)	Per Capita Income (1)(b)	Personal Income	School Enrollment (2)	Unemployment Rate Montgomery County (3)	Total Assessed Property Value (4)
2003	23,092	\$ 30,210	\$ 697,609,320	8,055	5.7%	\$ 560,038,783
2004	23,122	30,210	698,515,620	8,156	6.3%	572,029,090
2005	23,162	30,210	699,724,020	8,170	5.6%	594,051,037
2006	23,046	30,210	696,219,660	8,197	5.6%	640,660,845
2007	23,100	30,210	697,851,000	8,336	6.2%	646,331,552
2008	22,937	30,210	692,926,770	8,395	7.4%	648,037,838
2009	22,904	30,210	691,929,840	8,390	12.8%	657,190,800
2010	23,999	35,403	849,636,597	8,416	10.0%	663,560,290
2011	23,999	35,403	849,636,597	8,434	8.3%	650,509,860
2012	23,999	35,403	849,636,597	8,348	7.0%	629,957,100

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

(a) For years 2003-2009, population listed is from the Census estimates; population for 2010-2012 is from the 2010 Census.

(b) For years 2003-2009, per capita income is from the 2000 Census. For 2010-2012, per capita income is from the 2010 Census.

(2) Centerville City School District Board of Education

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

(4) Montgomery County Auditor

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

Employer	2012		2003	
	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⁾	1,584	1	1,525	1
Graceworks Lutheran Services ⁽²⁾	842	2	739	2
Franciscan at St. Leonard	579	3	465	3
Kroger	556	4	342	4
Miami Valley Hospital South (campus-wide)	423	5	0	-
City of Centerville	277	6	338	5
Fortis College ⁽³⁾	234	7	139	9
Voss Auto Network	222	8	238	7
Heartland of Centerville	265	9	297	6
Bob Ross Buick	119	10	178	8

Source: City of Centerville, Economic Development Department

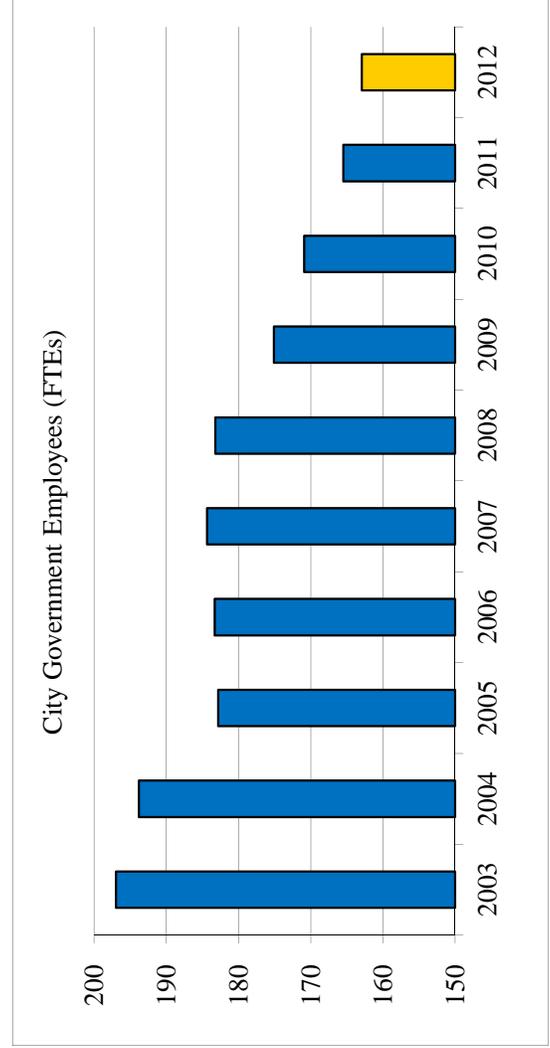
Note:

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

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

Function	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General government	30.45	30.55	31.55	30.75	30.55	29.40	29.35	29.22	29.89	30.62
Public safety	56.25	56.25	56.00	56.60	57.60	56.10	55.10	55.10	53.10	52.10
Community environment	3.75	3.75	3.75	3.60	3.60	3.60	4.00	4.00	3.10	2.60
Recreation	4.00	4.00	3.00	3.25	3.50	3.50	3.50	3.50	3.55	3.45
Transportation	25.00	21.75	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00
Waste collection	13.00	13.00	12.00	12.00	12.00	12.00	12.00	12.00	10.86	9.18
Golf course	<u>64.50</u>	<u>64.50</u>	<u>55.50</u>	<u>56.10</u>	<u>56.10</u>	<u>57.60</u>	<u>50.15</u>	<u>46.10</u>	<u>44.00</u>	<u>44.00</u>
Total	<u>196.95</u>	<u>193.80</u>	<u>182.80</u>	<u>183.30</u>	<u>184.35</u>	<u>183.20</u>	<u>175.10</u>	<u>170.92</u>	<u>165.50</u>	<u>162.95</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>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Government										
Purchase orders issued	2,462	2,499	2,357	2,388	2,400	2,533	2,426	2,371	2,459	2,500
Payroll checks/direct deposits issued	6,457	6,285	6,030	6,147	6,175	6,013	5,655	5,772	5,706	5,700
Accounts payable checks issued	6,349	6,183	6,731	6,511	6,475	6,376	6,042	5,789	5,305	5,485
Ordinances and resolutions passed	101	80	92	102	95	96	65	84	87	87
Number of volunteer hours	10,354	11,664	11,428	11,137	12,717	11,685	13,327	13,283	11,535	11,000
Public Safety										
Total arrests	1,390	1,646	1,569	1,666	1,511	1,551	1,478	1,683	1,740	1,672
Traffic citations	3,121	4,037	3,560	3,127	3,542	3,422	3,289	3,657	4,218	3,945
Public Works										
Miles of street	104	105	105	107	107	107	107	108	108	108
Tons of road salt used	3,179	1,775	1,849	354	1,994	2,696	1,695	2,678	1,101	950
Building Inspection										
Building permits issued	2,128	1,941	1,453	1,323	1,376	1,218	948	1,214	1,244	1,220
Electrical permits issued	406	376	266	265	265	234	204	259	279	250
Residential unit permits issued	146	122	71	39	58	15	4	7	12	26
Waste Collection										
Tons collected	7,406	7,317	7,197	7,428	7,098	7,765	6,739	6,464	6,615	6,250
Recyclable tons	1,593	1,548	1,601	1,618	1,507	1,407	1,328	1,292	1,401	1,334
Golf Course										
Rounds of golf	43,627	46,863	45,613	49,435	53,896	53,275	53,334	52,705	48,206	56,600
Rounds of golf - cart usage	24,323	28,043	29,462	36,180	39,990	39,919	40,547	41,427	38,137	45,000
Gallons of water used (thousands)	25,280	24,570	26,630	41,650	99,400	42,000	55,800	60,200	31,000	48,000
Food Service Operations										
Wedding receptions hosted	37	36	42	36	42	41	50	50	46	43
Other banquet functions hosted	544	483	539	519	556	528	491	491	483	476

Source: City of Centerville, Ohio, Appropriation Budgets for applicable years. Actual statistics for 2003-2011.

Estimated statistics for 2012.

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

<u>Function/program</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</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	50,000	50,000	50,000
Miles of street	104	105	105	107	107	107	107	108	108	108
Lane miles of street	236	238	238	240	240	240	240	241	241	241
Recreation										
Number of parks	1	1	1	1	1	1	1	1	1	1
Area of parks (acres)	62.386	62.386	62.386	62.386	62.386	62.386	62.386	62.386	62.386	62.386
Benham's Grove (acres)	7.017	7.017	7.017	7.017	7.017	7.017	7.017	7.017	7.017	7.017
Golf Course										
Holes	27	27	27	27	27	27	27	27	27	27
Club House (square footage)	29,517	29,517	29,517	29,517	29,517	29,517	29,517	29,517	29,517	29,517

Source: City of Centerville, Ohio, Finance Department

CITY OF CENTERVILLE, OHIO



*City of Centerville
100 West Spring Valley Road
Centerville, Ohio 45458
(937) 433-7151*

Yellow Book Report

December 31, 2012

**INDEPENDENT AUDITOR'S 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, in accordance with the 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, 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, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 3, 2013, wherein we noted the City adopted GASB Statement No. 63 as disclosed in Note 12.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Dayton, Ohio
May 3, 2013

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Dave Yost • Auditor of State

CITY OF CENTERVILLE

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 25, 2013**