CITY OF CENTERVILLE

General Purpose Financial Statements

For the Year Ended December 31, 1999

with

Independent Auditors' Report

CITY OF CENTERVILLE

General Purpose Financial Statements

For the Year Ended December 31, 1999

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

We have reviewed the independent auditor's report of the City of Centerville, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., Certified Public Accountants, for the audit period January 1, 1999 through December 31, 1999. 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.

JIM PETRO
Auditor of State

July 10, 2000

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report

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

We have audited the accompanying general-purpose financial statements of the City of Centerville (the City) as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Centerville as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2000 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Clark, Schaefer, Hackett & Co.

Middletown, Ohio
June 12, 2000

CITY OF CENTERVILLE, OHIO
Combined Balance Sheet -- All Fund Types and Account Groups
December 31, 1999
(with comparative totals for December 31, 1998)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets:				
Pooled cash and investments	$ 3,771,601	$ 480,915	$ 1,881,157	$ 3,913,562
Receivables:				
Taxes	2,513,067	-	-	-
Accounts	20,780	62,409	-	-
Accrued interest	22,870	11,376	7,265	31,713
Special assessments	-	-	11,597,804	-
Due from other governments	-	-	-	-
Prepaid items	95,009	15,266	-	-
Inventory	-	45,920	-	-
Property and equipment	-	-	-	-
Accumulated depreciation	-	-	-	-
Land held for investment	1,396,911	-	-	-
Other debits:				
Amount available for debt service	-	-	-	-
Amount to be provided for retirement of long-term debt	-	-	-	-
Total assets and other debits	$ 7,820,238	$ 615,886	$ 13,486,226	$ 3,945,275
Liabilities:				
Accounts payable	$ 72,293	$ 7,482	$ -	$ 157,167
Accrued liabilities	314,891	74,097	-	-
Compensated absences payable	83,457	3,948	-	-
Deferred revenue	1,161,585	-	11,150,873	315,916
Deposit liability	364,609	-	-	-
Capital lease payable	-	-	-	-
General obligation notes payable	-	-	-	-
General obligation bonds payable	-	-	-	-
Special assessment bonds payable	-	-	-	-
Total liabilities	1,996,835	85,527	11,150,873	473,083
Equity and other credits:				
Investment in general fixed assets	-	-	-	-
Retained earnings	-	-	-	-
Contributed capital	-	-	-	-
Fund balance:				
Reserved for encumbrances	111,057	4,577	-	339,927
Reserved for prepaid expenditures	95,009	15,266	-	-
Reserved for inventory	-	45,920	-	-
Reserved for debt service	-	-	2,335,353	-
Reserved for land held for investments	1,396,911	-	-	-
Unreserved	4,220,426	464,596	-	3,132,265
Total equity and other credits	5,823,403	530,359	2,335,353	3,472,192
Total liabilities, equity and other credits	$ 7,820,238	$ 615,886	$ 13,486,226	$ 3,945,275

See accompanying notes to general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)	
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Debt	1999	1998
$ 1,059,398	$ 524,951	$ 4,938,616	$ -	$ -	$16,570,200	$13,429,461
-	-	-	-	-	2,513,067	2,293,375
99,347	-	757	-	-	183,293	197,022
14,753	9,935	46,046	-	-	143,958	186,231
-	-	-	-	-	11,597,804	5,775,780
-	-	-	-	-	-	72,534
20,210	-	232	-	-	130,717	72,807
192,872	-	-	-	-	238,792	274,266
17,980,038	2,355,868	-	5,104,587	-	25,440,493	25,345,793
(754,805)	(1,278,746)	-	-	-	(2,033,551)	(1,692,669)
-	-	-	-	-	1,396,911	2,314,366
-	-	-	-	2,335,353	2,335,353	1,060,515
-	-	-	-	20,646,439	20,646,439	20,781,446
$18,611,813	$ 1,612,008	$ 4,985,651	$ 5,104,587	$22,981,792	$79,163,476	$70,110,927
$ 90,591	$ -	$ 85,793	$ -	$ -	$ 413,326	$ 618,772
108,379	-	-	-	35,049	532,416	613,745
81,330	-	-	-	336,684	505,419	459,477
86,540	-	-	-	-	12,714,914	6,974,141
37,291	-	-	-	-	401,900	386,109
-	-	-	-	10,059	10,059	32,326
-	-	-	-	1,200,000	1,200,000	1,200,000
-	-	-	-	15,795,000	15,795,000	16,135,000
-	-	-	-	5,605,000	5,605,000	4,126,000
404,131	-	85,793	-	22,981,792	37,178,034	30,545,570
-	-	-	5,104,587	-	5,104,587	5,158,868
673,124	1,592,948	-	-	-	2,266,072	2,024,017
17,534,558	19,060	-	-	-	17,553,618	17,553,618
-	-	296,295	-	-	751,856	1,163,202
-	-	-	-	-	110,275	63,170
-	-	-	-	-	45,920	29,920
-	-	-	-	-	2,335,353	1,060,515
-	-	-	-	-	1,396,911	2,314,366
-	-	4,603,563	-	-	12,420,850	10,197,681
18,207,682	1,612,008	4,899,858	5,104,587	-	41,985,442	39,565,357
$18,611,813	$ 1,612,008	$ 4,985,651	$ 5,104,587	$22,981,792	$79,163,476	$70,110,927

CITY OF CENTERVILLE, OHIO

Combined Statement of Revenues, Expenditures and Changes in Fund Balance
All Governmental Fund Types and Expendable Trust Funds
Year Ended December 31, 1999
(with comparative totals for December 31, 1998)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Local taxes	$ 10,724,323	$ -	$ -	$ -
Intergovernmental	799,672	982,734	-	306,392
Special assessments	-	-	426,788	-
Charges for services	29,543	93	-	-
Fines, licenses and permits	259,743	2,827	-	-
Interest earned	183,762	33,629	78,564	226,543
Lot sales	1,143,604	-	86,738	6,852
Miscellaneous	166,592	20,898	593,520	38,978
Total revenues	13,307,239	1,040,181	1,185,610	578,765
Expenditures:				
Current:				
General government	3,499,509	-	13,861	-
Public safety	3,457,981	177,277	-	-
Community environment	180,843	-	-	-
Recreation	425,353	-	-	-
Transportation	-	1,510,417	-	-
Cost of lots	590,200	-	-	-
Capital outlay	-	-	-	4,029,617
Debt service:				
Principal	-	-	421,000	-
Interest and fiscal charges	-	-	1,103,291	-
Total expenditures	8,153,886	1,687,694	1,538,152	4,029,617
Excess (deficiency) of revenues over (under) expenditures	5,153,353	(647,513)	(352,542)	(3,450,852)
Other financing sources (uses):				
Bond/note proceeds	-	-	-	1,522,726
Operating transfers in	-	540,000	1,627,380	1,175,000
Operating transfers out	(5,017,380)	-	-	-
Total other financing sources (uses)	(5,017,380)	540,000	1,627,380	2,697,726
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	135,973	(107,513)	1,274,838	(753,126)
Fund balance at beginning of year	5,687,430	637,872	1,060,515	4,225,318
Fund balance at end of year	$ 5,823,403	$ 530,359	$ 2,335,353	$ 3,472,192

See accompanying notes to general purpose financial statements.

Fiduciary Fund Types Expendable Trust	Total (Memorandum Only) 1999	Total (Memorandum Only) 1998
$ -	$10,724,323	$ 9,108,574
-	2,088,798	3,245,994
-	426,788	252,656
-	29,636	32,720
-	262,570	318,577
196,564	719,062	639,251
-	1,237,194	1,011,566
12,765	832,753	1,013,983
209,329	16,321,124	15,623,321
7,801	3,521,171	3,234,372
119,389	3,754,647	3,421,516
-	180,843	429,639
-	425,353	320,375
-	1,510,417	1,303,786
-	590,200	510,750
-	4,029,617	1,979,538
-	421,000	2,271,000
-	1,103,291	1,164,578
127,190	15,536,539	14,635,554
82,139	784,585	987,767
-	1,522,726	3,470,273
1,600,000	4,942,380	5,236,603
-	(5,017,380)	(5,449,058)
1,600,000	1,447,726	3,257,818
1,682,139	2,232,311	4,245,585
3,217,719	14,828,854	10,583,269
$4,899,858	$17,061,165	$14,828,854

CITY OF CENTERVILLE, OHIO

Combined Statement of Revenues, Expenditures and Changes in Fund Balance--Budget and Actual (Non-GAAP Budgetary Basis)--All Governmental Fund Types

Year Ended December 31, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)	Budget	Actual Budgetary Basis	Variance Favorable (Unfavorable)
Revenues:						
Local taxes	$10,572,525	$10,616,972	$ 44,447	$ -	$ -	$ -
Intergovernmental revenues	783,870	798,981	15,111	984,000	969,896	(14,104)
Special assessments	-	-	-	-	-	-
Charges for services	29,220	29,518	298	-	237	237
Fines, licenses and permits	264,370	265,609	1,239	2,440	3,049	609
Investment income	182,600	197,538	14,938	32,405	37,811	5,406
Sale of lots	-	-	-	1,000	-	(1,000)
Miscellaneous	171,720	174,299	2,579	16,585	19,368	2,783
Total revenues	12,004,305	12,082,917	78,612	1,036,430	1,030,361	(6,069)
Expenditures:						
Current:						
General government	3,922,340	3,510,825	411,515	-	-	-
Public safety	3,668,210	3,514,777	153,433	188,080	168,600	19,480
Community environment	250,780	200,040	50,740	-	-	-
Recreation	484,375	422,206	62,169	-	-	
Transportation	-	-	-	1,551,510	1,528,091	23,419
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	8,325,705	7,647,848	677,857	1,739,590	1,696,691	42,899
Excess (deficiency) of revenues over (under) expenditures	3,678,600	4,435,069	756,469	(703,160)	(666,330)	36,830
Other financing sources (uses):						
Bond/note proceeds	-	-	-	-	-	-
Operating transfers in	-	-	-	515,000	540,000	25,000
Operating transfers out	(3,515,000)	(3,515,000)	-	-	-	-
Total other financing sources (uses)	(3,515,000)	(3,515,000)	-	515,000	540,000	25,000
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	163,600	920,069	756,469	(188,160)	(126,330)	61,830
Fund balances at beginning of year	2,766,352	2,766,352	-	618,809	618,809	-
Fund balances at end of year	$ 2,929,952	$ 3,686,421	$ 756,469	$ 430,649	$ 492,479	$ 61,830

See accompanying notes to general purpose financial statements.

Debt Service Funds			Capital Projects Funds		
	Actual	Variance		Actual	Variance
	Budgetary	Favorable		Budgetary	Favorable
Budget	Basis	(Unfavorable)	Budget	Basis	(Unfavorable)
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	305,376	306,392	1,016
229,625	228,512	(1,113)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
81,285	82,162	877	214,193	258,083	43,890
1,564,265	1,589,118	24,853	6,852	6,852	-
593,520	593,520	-	92,231	92,231	-
2,468,695	2,493,312	24,617	618,652	663,558	44,906
15,500	13,861	1,639	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	
-	-	-	-	-	-
-	-	-	4,399,914	3,331,576	1,068,338
441,000	421,000	20,000	-	-	-
1,104,410	1,103,291	1,119	-	-	-
1,560,910	1,538,152	22,758	4,399,914	3,331,576	1,068,338
907,785	955,160	47,375	(3,781,262)	(2,668,018)	1,113,244
-	-	-	1,522,726	1,522,726	-
125,000	125,000	-	1,175,000	1,175,000	-
-	-	-	-	-	-
125,000	125,000	-	2,697,726	2,697,726	-
1,032,785	1,080,160	47,375	(1,083,536)	29,708	1,113,244
800,997	800,997	-	3,605,732	3,605,732	-
$ 1,833,782	$ 1,881,157	$ 47,375	$ 2,522,196	$ 3,635,440	$ 1,113,244

CITY OF CENTERVILLE, OHIO

Combined Statement of Revenues, Expenses and Changes in Retained Earnings

All Proprietary Fund Types

Year Ended December 31, 1999

(with comparative totals for December 31, 1998)

	Proprietary Fund Types		Total (Memorandum Only)	
	Enterprise	Internal Service	1999	1998
Operating revenues:				
Charges for services	$ 4,797,876	$ 275,060	$ 5,072,936	$ 4,661,789
Miscellaneous	27,349	-	27,349	54,342
Total operating revenues	4,825,225	275,060	5,100,285	4,716,131
Operating expenses:				
Salaries and wages	1,619,011	-	1,619,011	1,624,787
Fringe benefits	398,039	-	398,039	406,197
Purchased services	1,241,616	-	1,241,616	1,325,206
Supplies and materials	997,387	-	997,387	843,313
Capital outlay	22,972	3,752	26,724	4,962
Other expenses	284,158	-	284,158	240,946
Depreciation	165,418	249,421	414,839	332,776
Total operating expenses	4,728,601	253,173	4,981,774	4,778,187
Operating income	96,624	21,887	118,511	(62,056)
Non-operating revenue (expenses):				
Interest income	48,961	26,112	75,073	67,558
Gain (loss) on disposal of assets	(29,569)	3,040	(26,529)	8,316
Net non-operating revenues	19,392	29,152	48,544	75,874
Income before operating transfers	116,016	51,039	167,055	13,818
Operating transfers in	75,000	-	75,000	212,455
	75,000	-	75,000	212,455
Net income	191,016	51,039	242,055	226,273
Retained earnings, beginning of year	482,108	1,541,909	2,024,017	1,797,744
Retained earnings, end of year	$ 673,124	$ 1,592,948	$ 2,266,072	$ 2,024,017

See accompanying notes to general purpose financial statements.

CITY OF CENTERVILLE, OHIO

Combined Statement of Cash Flows -- All Proprietary Fund Types

Year Ended December 31, 1999

(with comparative totals for December 31, 1998)

	Proprietary Fund Types		Total (Memorandum Only)	
	Enterprise	Internal Service	1999	1998
Cash flows from operating activities:				
Cash received from customers	$ 4,818,643	$ 275,060	$ 5,093,703	$ 4,603,842
Cash paid to suppliers and employees	(4,571,826)	(3,752)	(4,575,578)	(4,449,876)
Other receipts	29,964	-	29,964	69,706
Net cash provided by operating activities	276,781	271,308	548,089	223,672
Cash flows from non-capital financing activities:				
Transfers in	75,000	-	75,000	212,455
Cash flows from capital and related financing activities:				
Purchase of property and equipment	(65,357)	(187,150)	(252,507)	(505,205)
Proceeds from sale of property and equipment	-	3,040	3,040	8,316
Principal payments on capital lease	(18,221)	-	(18,221)	(68,391)
Net cash used by capital and related financing activities	(83,578)	(184,110)	(267,688)	(565,280)
Cash flows from investing activities:				
Interest received	47,369	24,827	72,196	65,573
Increase (decrease) in cash and cash equivalents	315,572	112,025	427,597	(63,580)
Cash and cash equivalents at beginning of year	743,826	412,926	1,156,752	1,220,332
Cash and cash equivalents at end of year	$ 1,059,398	$ 524,951	$ 1,584,349	$ 1,156,752
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	$ 96,624	$ 21,887	$ 118,511	$ (62,056)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	165,418	249,421	414,839	332,776
Change in operating assets and liabilities:				
Net receivables	54,724	-	54,724	(28,395)
Prepaid expenses	(10,573)	-	(10,573)	2,346
Inventory	51,474	-	51,474	18,736
Net liabilities	(80,886)	-	(80,886)	(39,735)
Total adjustments	180,157	249,421	429,578	285,728
Net cash provided by operating income	$ 276,781	$ 271,308	$ 548,089	$ 223,672
Non-cash investing, capital and financing activities:				
Contribution of property and equipment from governmental funds	$ -	$ -	$ -	$ 81,303

See accompanying notes to the general purpose financial statements.

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, and provides the following services: public safety, general government, community environment, recreation and transportation.

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. There are no blended or discretely presented component units at December 31, 1999.

Education services are provided by the Centerville City School District (District). The District is a separate entity from the City with no financial interdependency. The District has a separately selected governing authority and a separate designation of management. In addition, the City has no ability to significantly influence operations and no accountability over the fiscal matters of the District. Accordingly, the City has no oversight responsibility and the District's separate financial statements are not included herein.

B. Basis of Presentation

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles for local governments as prescribed by the Governmental Accounting Standards Board (GASB).

The accounting system of the City is organized and operated on a fund accounting basis. A fund/account group is a separate accounting entity with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures (expenses). An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the fund because they do not directly affect net expendable available financial resources. The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

GOVERNMENTAL FUNDS

General Fund--The General fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The fund balance of the general fund is available to the City for any purpose provided it is expended or transferred according to the City's charter and code and the general laws and regulations of the State of Ohio.

Special Revenue Funds--Special revenue funds are used to account for revenues derived from specific taxes, grants or other restricted revenue sources. The uses and limitations of each special revenue fund are specified by City ordinances or federal and state statutes or grant provisions.

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

Capital Project Funds--Capital project funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those being financed by proprietary funds).

PROPRIETARY FUNDS

Enterprise Funds--Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds--Internal service funds are used to account for the financing of goods or services provided by one department of the City to other departments of the City on a cost-reimbursement basis.

FIDUCIARY FUNDS

Trust and Agency Funds--Trust and agency funds are used to account for assets held by a governmental unit on behalf of an outside party in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Expendable trust funds are accounted for in a manner similar to governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Account Groups--Account groups are used to establish accounting control and accountability for the City's general fixed assets and long-term debt obligations. Since these accounts are long term, they are neither spendable resources nor require current appropriations.

General Fixed Assets Account Group--This account group is used to account for fixed assets of the City other than those accounted for in the proprietary funds.

General Long Term Debt Account Group--This account group is established to account for all unmatured long-term indebtedness of the City that is not a specific liability of any proprietary fund.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers income and property taxes available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue and charges for services. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The agency funds are "assets equal liabilities" and, thus, do not involve the measurement of results of operations.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

D. Budgetary Data

The City follows procedures prescribed by state law to establish the budget data which is reported in the general purpose financial statements as follows:

1) A tax budget of estimated cash receipts and disbursements for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the following year, January 1 through December 31.

2) The County Budget Commission certifies its actions by September 1 and issues an

"Official Certificate of Estimated Resources" (Certificate) which states the projected receipts of each fund.

3) On or about January 1, this certificate is amended to include any unencumbered balances from the preceding fiscal year. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the initial or amended certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include any January 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

4) A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. A permanent annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. These appropriation measures may only be amended or supplemented during the year by ordinance of the City Council. Appropriations may not exceed estimated resources.

5) Expenditures cannot legally exceed appropriations at the department level. Unencumbered appropriations lapse at year-end and encumbered appropriations are reported as expenditures in the current year. Expenditures did not exceed appropriations at the legal level of control. During 1999, various transfers of appropriations and supplemental appropriations were made. All governmental fund types are included in the annual budget process.

The City's budgetary process is based upon accounting for certain transactions on a basis other than generally accepted accounting principles (GAAP). To provide a meaningful comparison of actual results with the budget, the actual results of operations are presented on a budget basis in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types--Budget Basis. The budgetary basis is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The major differences between the budget basis and the GAAP basis are as follows:

A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

B. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

C. Encumbrances are recorded as the equivalent of expenditures (budget basis), as opposed to as a reservation of fund balance (GAAP basis).

E. Encumbrances

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve a portion of the applicable appropriation. Encumbrances are reported as reservations of fund balances in the governmental funds since they are neither an expenditure nor a liability.

F. Property, Plant and Equipment--Governmental Funds

Fixed assets purchased for general governmental purposes are recorded as expenditures in the governmental funds types and capitalized at cost (or estimated historical cost) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Public domain assets (infrastructure) such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

No depreciation has been provided on general fixed assets, nor has interest on construction in progress been capitalized.

G. Property, Plant and Equipment--Proprietary Funds

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction where applicable. Contributed fixed assets are recorded at fair market value at the time received. Depreciation has been provided using the straight-line method over the following estimated useful lives:

	Estimated lives (years)
Autos and trucks	5-8
Machinery, equipment, furniture and fixtures	10-25
Buildings and improvements	45

H. Insurance

The City is insured with private carriers for most risks including property damage, personal injury and public official liability. Uninsured judgments and claims are recorded when it is probable that either an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

I. Vacation and Sick Leave

City employees are granted vacation and sick leave. In the event of termination, employees are reimbursed for accumulated vacation and a calculated amount of sick leave at the employee's current wage.

Estimated vacation and sick leave accumulated by governmental fund type employees has been recorded in the appropriate governmental fund type for current portion and in the General Long-Term Debt Account Group for noncurrent liability. Vacation and sick leave accumulated by proprietary fund type employees is recorded as an expense in the proprietary fund when earned by the employee.

Payment of vacation and sick leave recorded in the General Long-Term Debt Account Group is dependent on many factors, therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be available when payment is due.

J. Cash and Cash Equivalents

All cash and investments, included in a pool, as noted in K below, are considered to be cash equivalents.

K. Pooled Cash and Investments

The City Charter provides that the Director of Finance is responsible for the investment of all City funds. All investments are recorded at fair value. Cash balances for all City funds, as allowed by law, are pooled and invested to improve cash management. Interest earnings are allocated by fund depending on their percentage of funds in that investment.

L. Reserves

Reserves indicate portions of fund equity not appropriable for expenditure/expenses and/or legally segregated for a specific future use.

M. Contributed Capital

Proprietary fund type contributed capital is recorded at the fair market value of the related assets on the date received. Depreciation on contributed fixed assets (acquired by grants, entitlements and donations) is allocated to contributed capital using the straight-line method described in Note 1-G. Depreciation on assets purchased through governmental funds and transferred to proprietary funds as contributed capital is allocated to retained earnings.

N. Inventory

Inventory is stated at cost (first-in, first-out). The costs of inventory items are recorded as expenditures in the Governmental and Expendable Trust Funds when purchased and expenses in the Proprietary Funds when used. Reported inventories in the Governmental and Expendable Trust Fund are offset by a fund balance reserve which indicates they do not constitute "available spendable resources" and are not available for appropriations.

O. Interfund Transactions

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered.

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund, and as reductions of expenditures/ expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

P. Financial Disclosures

The City has elected to report its financial statements in accordance with statements issued by the Financial Accounting Standards Board (FASB) unless they are superseded by GASB, as outlined by GASB 20.

Q. Total Columns on Combined Financial Statements

Total columns on the combined financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. Pooled Cash and Investments

The City maintains a cash deposit and investment pool for all funds. Each fund's share of cash deposits and investments is shown separately on the combined balance sheet as "pooled cash and investments." Cash and cash equivalents shown in the combined balance sheets include certificates of deposit with maturities of twelve months or less when purchased. For disclosure under Statement No. 3 of the Government Accounting Standards Board (GASB3), all certificates of deposit and the remaining cash equivalents are included under the caption "pooled cash and investments." Income accrued on cash deposits and investments is shown collectively by fund on the combined balance sheet as "accrued interest receivable."

Cash Deposits - At December 31, 1999, the carrying amount of the City's cash deposits was $606,325 and the bank balance was $1,089,299. The bank balance is insured or collateralized with securities held by the City or its safekeeping agent in the City's name.

Investments - The ORC and the City's charter authorizes the City to invest in the State Treasury Asset Reserve of Ohio, (Star Ohio) certificates of deposit, repurchase agreements, United States treasury bills and notes, 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 ORC and the City's charter.

GASB 3 requires government entities to categorize investments to give an indication of the level of risk assumed by the entity at year-end. These categories are as follows: Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes investments that are uninsured and unregistered for which the securities are held by the counterparty in the City's name. Category 3 includes uninsured or unregistered investments for which securities are held by the counterparty or by their trust department or agent but not in the City's name. Pooled and mutual funds are not required to be categorized by GASB 3.

A summary of the carrying and fair value of investments held at December 31, 1999, and an indication of the related risk is as follows:

Description	**Carrying *Amount***	**Fair Value**	**Risk *Category***
STAR Ohio	$ 10,088,875	$ 10,088,875	Unclassified
CD's	5,875,000	5,875,000	Category 1
Total Investments	$ 15,963,875	$ 15,963,875	

3. Property, Plant and Equipment

A summary of proprietary fund type property, plant and equipment at December 31, 1999 follows:

	Enterprise	Internal Service	Total
Land	$ 4,590,000	-	$ 4,590,000
Buildings and improvements	12,389,321	-	12,389,321
Machinery and equipment	1,000,717	2,355,868	3,356,585
Less accumulated depreciation	(754,805)	(1,278,746)	(2,033,551)
Net fixed assets	$17,225,233	$1,077,122	$18,302,355

There was no interest capitalized in 1999.

A summary of changes in general fixed asset account group follows:

	Balance January 1, 1999	Additions	Disposals	Balance December 31, 1999
Land	$ 1,697,183	-	-	$ 1,697,183
Building and improvements	1,641,728	-	-	1,641,728
Machinery and equipment	1,819,957	240,894	(295,175)	1,765,676
	$ 5,158,868	$ 240,894	$(295,175)	$ 5,104,587

In 1999, the City increased the threshold for fixed asset capitalization from $250 to $500. As a result of this threshold change, $211,175 in disposals have been included in 1999.

4. Yankee Trace Golf Course/Land Sales

During or around 1991, the City of Centerville purchased 400+ acres of land for the development of an 18-hole municipal golf course, pro shop, restaurant and residential golf community. During 1994, fees were reflected in the general fund as miscellaneous income since the facility was not fully operational. With construction fully completed in 1995, the golf course operations were reflected in the enterprise fund beginning January 1, 1995.

At December 31, 1994, the 200 acres of land used for the golf course and related construction were transferred to the enterprise fund from the general fixed asset account group. In 1996, costs to complete the golf course and buildings and obtain equipment were accumulated in the capital projects fund. These amounts together with those from 1994 were recorded as residual equity transactions and are reflected in the enterprise fund's contributed capital. The cash that was transferred at December 31, 1996 to the golf course enterprise fund was considered an operating transfer, since it is to be used to subsidize golf course operations. Projections indicate that this subsidizing of the golf course will continue for the next several years.

The debt related to financing the golf course is general obligation debt and is not anticipated to be paid from golf course operations, therefore it is reflected in the general long-term debt account group.

The remaining 200+ acres being held for sale were recorded as land held for investment in the general fund, offset by a reservation of fund balance. On June 27, 1994, the City entered into a contract with Great Traditions Development Group, Inc., (G.T.) to develop, construct and market a high quality residential golf community. During 1994, an initial 60 acres were purchased by G.T. at a cost of $11,630 per acre. Since 1994, an additional 76.49 acres have been purchased. Additional parcels will be purchased by G.T. in various acreage in subsequent years with an annual 4% increase on unpurchased property. Upon closing of the first 407 lots, G.T. paid an additional amount per lot to the City, beginning at $14,212 in 1994 and increasing to $17,300 in 1999. Since the subsequent sales of lots to builders or residents is contingent upon economic conditions and developments and the City has certain additional infrastructure commitments, the initial sales have not been fully consummated as defined by Financial Accounting Standards Board Statement 66.

The amount of the developer's purchase is included as a deposit liability in the general fund. The proceeds of lot sales and the corresponding portion of the developer's deposit, assuming an average of two lots per acre, are recognized as revenue. A similar reduction of the land held for investment is made. Costs and revenues recorded do not include costs of additional capital outlay required by the City or potential future contingent revenues allowed in the contract, if more than 407 lots are sold.

The amounts recorded to date are as follows:

	Lots Sold	Sales Recorded	Cost of Lots Sold
1994	5	99,300	56,750
1995	27	539,565	306,450
1996	39	806,656	442,650
1997	58	1,244,688	658,300
1998	45	1,011,566	510,750
1999	52	1,143,604	590,200
	226	$4,845,379	$2,565,100

Proceeds of these land sales are anticipated to be used to retire the golf course residential land debt. In 1996, a new debt service fund was established to receive the lot and land sale proceeds.

5. Debt

A summary of notes payable and long-term obligation transactions for the year ended December 31, 1999 follows:

Fund Type/Account Group	Balance January 1, 1999	Additions	Reductions	Balance December 31, 1999
General long-term obligations:				
Capital lease - see Note 6	$14,105	-	(4,046)	10,059
Accrued liabilities-				
Vacation and sick leave	331,388	5,296		336,684
Past service pension obligation for police	35,468	-	(419)	35,049
	380,961	5,296	(4,465)	381,792
General obligation note	1,200,000	-	-	1,200,000
General obligation bonds	16,135,000	-	(340,000)	15,795,000
Special assessment bonds	4,126,000	1,560,000	(81,000)	5,605,000
Total general long-term obligations	$21,841,961	$1,565,296	$(425,465)	$22,981,792

Additions and reductions of accrued vacation and sick leave are shown net since it is impractical for the City to determine these amounts separately. The current portion of accrued vacation and sick leave has been recorded in the appropriate governmental type fund.

The general obligation note is a bond anticipation note used for the purchase of land and construction of a municipal golf course. The note carries a rate of interest and matures as follows:

	Amount	Interest Rate	Maturity Date
General long term obligations (BAN):			
Taxable Recreational Facility notes	$ 1,200,000	6.15%	2-3-00

Long-term bonds outstanding at December 31, 1999 are summarized below:

	Average Interest Rate	Amount
General Obligation Bonds--interest at 2.55% to 5.80% Due through 2020	5.64%	7,135,000
General Obligation Bonds--interest at 3.80% to 5.625% Due through 2026	4.72%	8,660,000
Subtotal--General Obligation Bonds		15,795,000
Special Assessment Bonds--interest at 6.38% and 7.90% due through 2010	7.14%	310,000
Special Assessment Bonds--interest at 4.30% to 6.60% due through 2014	5.45%	255,000
1996 Special Assessment Bonds--interest at 3.80% to 5.625% due through 2026	4.72%	1,075,000
1998-1 Special Assessment Bonds—interest at 3.90% to 5.35% due through 2028	5.17%	1,155,000
1998-2 Special Assessment Bonds—interest at 3.50% to 5.00% due through 2029	4.79%	1,250,000
1999-4 Special Assessment Bonds—interest at 4.20% to 5.75% due through 2030	4.98%	1,560,000
Subtotal--Special Assessment Bonds		5,605,000
Grand Total		$21,400,000

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

Special assessment bonds maturing through 2030 consist of street, sidewalk and curb improvement issues which are payable from the proceeds of assessments against individual property owners.

The following table summarizes the City's future long-term bond service requirements as of December 31, 1999.

Year Ending	**General Obligation**		**Special Assessment**	
December 31:	**Principal**	**Interest**	**Principal**	**Interest**
2000	$ 345,000	$ 869,897	$ 104,000	$ 316,381
2001	370,000	854,682	131,000	296,760
2002	395,000	837,717	129,000	290,346
2003	420,000	819,011	130,000	283,951
2004	445,000	798,599	140,000	277,359
2005-2030	13,820,000	8,594,634	4,971,000	3,936,491
Total	$15,795,000	$12,774,540	$5,605,000	$5,401,288

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, 1999, the City's total net debt and unvoted net debt were approximately 4.6% of the total assessed value of all property within the City.

6. Capital Lease

In 1997, the City entered into a capital lease agreement for a copier. The asset was recorded in the General Fixed Asset Account Group at a value of $20,688. Future minimum lease payments in the General Long Term Account Group are as follows:

2000	$ 5,336
2001	5,336
2002	587
	$ 11,259
Less amount representing interest	(1,199)
Outstanding Principal	$ 10,060

7. Defined Benefit Pension Plans

A. Public Employees Retirement System

The City of Centerville contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits based on eligible service credit to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215 or by calling (614)466-2085 or 1-800-222-PERS (7377).

Plan members, other than those engaged in law enforcement, are required to contribute 8.5% of their annual covered salary to fund pension obligations and the City is required to contribute 13.55%. For law enforcement employees, the employee contribution is 9% and the employer contribution is 16.7%. Contributions are authorized by state statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 1999, 1998 and 1997, were $585,089, $560,422, and $533,385, respectively, equal to the required contributions for each year. The unpaid contribution for 1999 was $137,457 and is recorded as a liability within the respective funds.

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 for the plan. That report may be obtained by writing to OP&F, 140 East

Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while the City is required to contribute 19.5% for police and 24.0% for firefighters. The City had no firefighters. The City's contributions to OP&F for police for the years ending December 31, 1999, 1998, and 1997 were $367,546, $335,096, and $318,990, respectively. The unpaid contribution for 1999 was $91,915 and is recorded as a liability within the respective funds.

In addition to the current contribution, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and firefighters in 1967. As of December 31, 1998, the liability of the City was $35,049, payable in annual installments of $1,922 through the year 2035. This is an accounting liability of the General Fund which will not vary. The liability is reported in the General Long Term Obligations Account Group.

8. Post-employment Benefits

A. *Public Employees Retirement System*

The Public Employees Retirement System of Ohio (PERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post-retirement health care based on authority granted by state statute. The 1999 employer contribution rate was 13.55% of covered payroll for employees not engaged in law enforcement; 4.2% was the portion that was used to fund health care for 1999. For law enforcement employees, the employer contribution rate for 1999 was 16.7% of which 4.2% was used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to PERS.

OPEB is financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care and Medicare, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 1999 were $523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were $9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

B. Ohio Police and Fire Pension Fund

OP&F provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24.0% of covered payroll.

The Ohio Revised Code provides the statutory authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 6.5% and 7.0% of covered payroll in 1998 and 1999, respectively. The allocation is 7.25% in 2000. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1998, the date of the last actuarial valuation available, was 11,424 for Police and 9,186 for Firefighters. The City's actual contributions for 1999 that were used to fund post-employment benefits were $131,949 for Police. OP&F's total health care expenses for the year ended December 31, 1998 were $78,596,790, which was net of member contributions of $5,331,515.

9. Contributed Capital

The changes in the City's contributed capital accounts for its proprietary funds were as follows:

	Enterprise	
	Waste Collection	Golf Course
Beginning balance, contributed capital	$ -	$17,534,558
Contributed from capital projects	-	0
Disposals	-	(0)
Ending balance, contributed capital	$ -	$17,534,558

All assets were transferred from governmental funds. As such, no depreciation, per policy described in Note 1-M, is allocated to contributed capital.

10. Income Taxes

The City collects an income tax of 1.75% of Centerville taxable income, defined as Ohio Adjusted Gross Income with specific adjustments. Filing is mandatory for all residents.

Employers within the City are required to withhold tax on all employees working in the City and remit those monies on either a quarterly or monthly schedule. Employers are required to reconcile those withholdings on an annual basis by filing an annual return.

11. Property Taxes

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City. Property taxes are levied each December 31 on the assessed value listed as of the prior December 31. Assessed values are established for real property at 35% of true value, for public utility property at 100% of true value, and for tangible property at 25% of true value (excluding the first $10,000 of value). Property market values are required to be updated every three years and revalued every six years. A revaluation was completed in 1996.

The property tax calendar is as follows:

Levy Date	December 31, 1998
Lien Date	December 31, 1998
Tax Bill Mailed	January 20, 1999
First Installment Payment Due	February 15, 1999
Second Installment Payment Due	July 15, 1999

The assessed values for the City at December 31, 1998, were as follows:

	Assessed Value
Real Estate	$412,613,990
Tangible Personal Property	32,063,688
Public Utility Personal Property	18,692,690
Total	$463,370,368

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 semiannual basis.

12. Budget Basis of Accounting

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP basis	$ 135,973	$ (107,513)	$1,274,838	$(753,126)
Net adjustment for revenue accruals	(1,224,321)	(9,819)	1,307,702	84,793
Net adjustment for expenditure accruals	540,469	(80,980)	-	(183,326)
Net adjustment for other financing sources (uses)	1,502,380	-	(1,502,380)	-
Net adjustment for encumbrances	(34,432)	71,982	-	881,367
Budget basis	$ 920,069	$ (126,330)	$1,080,160	$ 29,708

13. Segment Information for Enterprise Funds

Included in the services provided by the City which are or will be financed primarily by user charges are refuse collection and golf course operations. The key financial information for the year ended December 31, 1999 for these enterprise activities is as follows:

	Refuse Collections	Golf Course Operations	Golf Course Equipment Purchase	Totals
Operating revenues	$1,039,147	$3,686,208	$ 99,870	$4,825,225
Operating expenses before depreciation	916,984	3,631,676	14,523	4,563,183
Depreciation	1,178	129,736	34,504	165,418
Operating income	120,985	(75,204)	50,843	96,624
Net non-operating income (expense)	32,942	4,950	(18,500)	19,392
Net income before operating transfers	153,927	(70,254)	32,343	116,016
Operating transfers-in	-	75,000	-	75,000
Net income	$ 153,927	$ 4,746	$ 32,343	$ 191,016
Contributed capital	$ -	$17,534,558	$ -	$17,534,558
Net change in property, plant, equipment	$ (482)	$(12,275)	$ 10,357	$ (2,400)
Net working capital	$ 514,712	$ 297,565	$170,172	$ 982,449
Total assets	$ 716,760	$17,301,407	$593,646	$18,611,813
Total retained earnings	$ 519,575	$(439,847)	$593,396	$ 673,124

14. Deficit Fund Balance

At December 31, 1999, the Golf Course Operations had deficit retained earnings of $439,847. This was a result of a residual equity transfer for the start-up of the Golf Course Equipment Purchase Fund.

Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Audit Standards*

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

We have audited the financial statements of the City of Centerville (the City) as of and for the year ended December 31,1999, and have issued our report thereon dated June 12, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-39339-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 12, 2000.

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

Clark, Schaefer, Hackett & Co.

Middletown, Ohio
June 12, 2000

CITY OF CENTERVILLE
MONTGOMERY COUNTY

December 31, 1999

SCHEDULE OF FINDINGS

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1. *FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS*

Finding Number	1999-39339-001

Ohio Rev. Code, Section 5705.41 (D), states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

This section also provides an exception to this requirement:

> If the amount is less than $1,000, then the fiscal officer may authorize payment if the expenditure is otherwise valid. If the expenditure is $1,000 or more, then the taxing authority (city council) must approve it within 30 days of receiving the fiscal officer's certificate (the "then & now" certificate).

There were numerous expenditures tested for Fiscal Year 1999 that were initiated without obtaining the prior certification of the Finance Director. None of these expenditures met the exception provided for in this Section.

Procedures should be adopted by the City that would assure that these commitments are properly encumbered prior to the expenditure of City funds.

STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140
Columbus, Ohio 43216-1140
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Facsimile 614-466-4490

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.

By: Susan Babbitt

Date: JUL 27 2000