

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT

OF

TOWN OF CENTERVILLE

WAYNE COUNTY, INDIANA

January 1, 2007 to December 31, 2008



**FILED**  
11/30/2009



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Janice L. Roberts	01-01-04 to 12-31-11
President of the Town Council	Daniel W. Wandersee	01-01-07 to 12-31-09
Superintendent of Utilities	Jay Martin Terry Stover	01-01-07 to 08-27-09 08-28-09 to 12-31-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE TOWN OF CENTERVILLE, WAYNE COUNTY, INDIANA

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 Town of Centerville (Town), as of and for the years ended December 31, 2007 and 2008, which collectively comprise the Town's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note I, the Town prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The Town of Centerville's financial statements for the period January 1, 2008 to December 31, 2008 include errors which management was not able to correct during our audit. The effect of these errors would increase cash and investments in one or more Town funds by a total of \$32,593.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

Except as stated above, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated November 5, 2009, on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

The Town has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole except as stated in the fourth paragraph of this report. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

November 5, 2009



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

TO: THE OFFICIALS OF THE TOWN OF CENTERVILLE, WAYNE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Centerville (Town), as of and for the years ended December 31, 2007 and 2008, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 5, 2009. The opinions to the financial statements were qualified due to financial statement errors during the period January 1, 2008 to December 31, 2008, causing reported cash and investments to be understated by \$32,593. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item Finding 2008-1, Lack of Segregation of Duties of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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

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  
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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

The Town's response to the findings identified in our audit is described in the accompanying sections of the report entitled Official Response and Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

November 5, 2009

TOWN OF CENTERVILLE  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2007

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
<b>Primary government:</b>							
<b>Governmental activities:</b>							
General government	\$ 104,257	\$ 35,190	\$ -	\$ -	\$ (69,067)	\$ -	\$ (69,067)
Public safety	663,828	109,886	-	-	(553,942)	-	(553,942)
Highways and streets	179,958	-	61,261	23,320	(95,377)	-	(95,377)
Sanitation	122,390	-	-	-	(122,390)	-	(122,390)
Economic development	77,284	-	-	1,746	(75,538)	-	(75,538)
Culture and recreation	19,500	-	-	-	(19,500)	-	(19,500)
Urban redevelopment and housing	26,245	-	-	-	(26,245)	-	(26,245)
Principal and interest on indebtedness	40,532	-	-	-	(40,532)	-	(40,532)
<b>Total governmental activities</b>	<b>1,233,994</b>	<b>145,076</b>	<b>61,261</b>	<b>25,066</b>	<b>(1,002,591)</b>	<b>-</b>	<b>(1,002,591)</b>
<b>Business-type activities:</b>							
Electric Utility	1,923,509	1,828,484	-	155,989	-	60,964	60,964
Storm Water Utility	175,041	161,078	-	-	-	(13,963)	(13,963)
Wastewater Utility	2,337,553	653,499	-	200,613	-	(1,483,441)	(1,483,441)
Water Utility	274,721	331,298	-	-	-	56,577	56,577
<b>Total business-type activities</b>	<b>4,710,824</b>	<b>2,974,359</b>	<b>-</b>	<b>356,602</b>	<b>-</b>	<b>(1,379,863)</b>	<b>(1,379,863)</b>
<b>Total primary government</b>	<b>\$ 5,944,818</b>	<b>\$ 3,119,435</b>	<b>\$ 61,261</b>	<b>\$ 381,668</b>	<b>(1,002,591)</b>	<b>(1,379,863)</b>	<b>(2,382,454)</b>
<b>General receipts:</b>							
Property taxes					535,469	-	535,469
Intergovernmental					209,807	-	209,807
Other local sources					2,336	4,296	6,632
Net proceeds from borrowings					-	1,471,864	1,471,864
Grants and contributions not restricted to specific programs					12,708	-	12,708
Investment earnings					47,152	20,833	67,985
<b>Total general receipts</b>					<b>807,472</b>	<b>1,496,993</b>	<b>2,304,465</b>
<b>Change in net assets</b>					<b>(195,119)</b>	<b>117,130</b>	<b>(77,989)</b>
<b>Net assets - beginning</b>					<b>1,759,463</b>	<b>983,504</b>	<b>2,742,967</b>
<b>Net assets - ending</b>					<b>\$ 1,564,344</b>	<b>\$ 1,100,634</b>	<b>\$ 2,664,978</b>
<b>Assets</b>							
Cash and investments					\$ 1,464,683	\$ 936,178	\$ 2,400,861
<b>Restricted assets:</b>							
Cash and investments					99,661	164,456	264,117
<b>Total assets</b>					<b>\$ 1,564,344</b>	<b>\$ 1,100,634</b>	<b>\$ 2,664,978</b>
<b>Net Assets</b>							
<b>Restricted for:</b>							
Public safety					\$ 9,559	\$ -	\$ 9,559
Urban redevelopment and housing					52,554	-	52,554
Debt service					37,548	13,327	50,875
Other purposes					-	151,129	151,129
<b>Unrestricted</b>					<b>1,464,683</b>	<b>936,178</b>	<b>2,400,861</b>
<b>Total net assets</b>					<b>\$ 1,564,344</b>	<b>\$ 1,100,634</b>	<b>\$ 2,664,978</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF CENTERVILLE  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007

	General	Motor Vehicle Highway	Local Road And Street	Edit	Cumulative Capital Development	Other Governmental Funds	Totals
<b>Receipts:</b>							
Taxes	\$ 345,643	\$ 95,539	\$ -	\$ -	\$ 15,949	\$ 78,338	\$ 535,469
Licenses and permits	6,720	-	-	-	-	-	6,720
Intergovernmental	105,606	92,930	23,320	44,831	671	28,776	296,134
Charges for services	129,798	-	-	-	-	4,422	134,220
Fines and forfeits	242	-	-	-	-	3,894	4,136
Other	48,714	774	-	-	-	12,708	62,196
<b>Total receipts</b>	<b>636,723</b>	<b>189,243</b>	<b>23,320</b>	<b>44,831</b>	<b>16,620</b>	<b>128,138</b>	<b>1,038,875</b>
<b>Disbursements:</b>							
General government	104,257	-	-	-	-	-	104,257
Public safety	379,121	-	-	-	-	261,461	640,582
Highways and streets	-	138,267	-	-	-	41,691	179,958
Sanitation	122,390	-	-	-	-	-	122,390
Economic development	-	-	-	77,284	-	-	77,284
Culture and recreation	-	-	-	-	-	19,500	19,500
Urban redevelopment and housing	26,018	-	-	-	-	227	26,245
Debt service:							
Principal	-	-	-	-	-	30,000	30,000
Interest	-	-	-	-	-	10,532	10,532
Capital outlay:							
Public safety	23,246	-	-	-	-	-	23,246
<b>Total disbursements</b>	<b>655,032</b>	<b>138,267</b>	<b>-</b>	<b>77,284</b>	<b>-</b>	<b>363,411</b>	<b>1,233,994</b>
Excess (deficiency) of receipts over disbursements	(18,309)	50,976	23,320	(32,453)	16,620	(235,273)	(195,119)
Cash and investment fund balance - beginning	347,577	135,112	214,106	162,176	195,342	705,150	1,759,463
Cash and investment fund balance - ending	<u>\$ 329,268</u>	<u>\$ 186,088</u>	<u>\$ 237,426</u>	<u>\$ 129,723</u>	<u>\$ 211,962</u>	<u>\$ 469,877</u>	<u>1,564,344</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ 329,268	\$ 186,088	\$ 237,426	\$ 129,723	\$ 211,962	\$ 370,216	\$ 1,464,683
Restricted assets:							
Cash and investments	-	-	-	-	-	99,661	99,661
<b>Total cash and investment assets - ending</b>	<b><u>\$ 329,268</u></b>	<b><u>\$ 186,088</u></b>	<b><u>\$ 237,426</u></b>	<b><u>\$ 129,723</u></b>	<b><u>\$ 211,962</u></b>	<b><u>\$ 469,877</u></b>	<b><u>\$ 1,564,344</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,559	\$ 9,559
Urban redevelopment and housing	-	-	-	-	-	52,554	52,554
Debt service	-	-	-	-	-	37,548	37,548
Unrestricted	329,268	186,088	237,426	129,723	211,962	370,216	1,464,683
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 329,268</u></b>	<b><u>\$ 186,088</u></b>	<b><u>\$ 237,426</u></b>	<b><u>\$ 129,723</u></b>	<b><u>\$ 211,962</u></b>	<b><u>\$ 469,877</u></b>	<b><u>\$ 1,564,344</u></b>

The notes to the financial statements are an integral part of this statement.

TOWN OF CENTERVILLE  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As Of And For The Year Ended December 31, 2007

	Electric Utility	Storm Water Utility	Wastewater Utility	Water Utility	Totals
Operating receipts:					
Metered/measured	\$ 1,652,745	\$ -	\$ 631,955	\$ 266,148	\$ 2,550,848
Public street and highway lighting	31,194	-	-	-	31,194
Fire protection receipts	-	-	-	40,713	40,713
Fees	-	158,767	-	-	158,767
Penalties	10,946	2,311	14,644	2,522	30,423
Miscellaneous	133,599	-	6,900	21,915	162,414
<b>Total operating receipts</b>	<b>1,828,484</b>	<b>161,078</b>	<b>653,499</b>	<b>331,298</b>	<b>2,974,359</b>
Operating disbursements:					
Salaries and wages	84,231	-	144,334	100,843	329,408
Employee pensions and benefits	10,956	-	19,609	13,433	43,998
Purchased water	-	-	1,049	-	1,049
Sludge removal	-	-	25,222	-	25,222
Purchased power	-	-	40,809	20,337	61,146
Chemicals	-	-	4,834	4,662	9,496
Material and supplies	44,845	47,934	15,448	47,730	155,957
Contractual services	95,197	2,079	28,863	19,145	145,284
Transportation	47,060	-	8,116	10,236	65,412
Insurance claims and expense	45,772	5,838	77,652	26,799	156,061
Taxes	27,527	-	-	4,095	31,622
Transmission and distribution	-	-	-	4,579	4,579
Customer accounts	-	-	1,270	-	1,270
Production and supply	1,338,713	-	-	-	1,338,713
Refunds	5,725	-	3,720	1,847	11,292
Equipment and capital improvements	190,097	-	1,659,897	1,308	1,851,302
Miscellaneous	33,386	26,039	44,663	19,707	123,795
<b>Total operating disbursements</b>	<b>1,923,509</b>	<b>81,890</b>	<b>2,075,486</b>	<b>274,721</b>	<b>4,355,606</b>
Excess (deficiency) of operating receipts over operating disbursements	(95,025)	79,188	(1,421,987)	56,577	(1,381,247)
Nonoperating receipts (disbursements):					
Investment income	7,533	121	5,196	7,983	20,833
Net proceeds from borrowings	-	-	1,471,864	-	1,471,864
Refunds	3,112	-	-	1,184	4,296
Debt service of principal	-	(40,000)	(199,242)	-	(239,242)
Interest disbursements	-	(53,151)	(62,825)	-	(115,976)
<b>Total nonoperating receipts (disbursements)</b>	<b>10,645</b>	<b>(93,030)</b>	<b>1,214,993</b>	<b>9,167</b>	<b>1,141,775</b>
Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)	(84,380)	(13,842)	(206,994)	65,744	(239,472)
Capital contributions	155,989	-	200,613	-	356,602
Transfers in	39,324	93,151	266,675	4,579	403,729
Transfers out	(39,324)	(93,151)	(266,675)	(4,579)	(403,729)
Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out	71,609	(13,842)	(6,381)	65,744	117,130
Cash and investment fund balance - beginning	449,231	94,021	280,433	159,819	983,504
Cash and investment fund balance - ending	\$ 520,840	\$ 80,179	\$ 274,052	\$ 225,563	\$ 1,100,634
<b>Cash and Investment Assets - December 31</b>					
Cash and investments	\$ 503,599	\$ 70,027	\$ 247,754	\$ 114,798	\$ 936,178
Restricted assets:					
Cash and investments	17,241	10,152	26,298	110,765	164,456
<b>Total cash and investment assets - December 31</b>	<b>\$ 520,840</b>	<b>\$ 80,179</b>	<b>\$ 274,052</b>	<b>\$ 225,563</b>	<b>\$ 1,100,634</b>
<b>Cash and Investment Fund Balance - December 31</b>					
Restricted for:					
Debt service	\$ -	\$ 10,152	\$ 3,175	\$ -	\$ 13,327
Other purposes	17,241	-	23,123	110,765	151,129
Unrestricted	503,599	70,027	247,754	114,798	936,178
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 520,840</b>	<b>\$ 80,179</b>	<b>\$ 274,052</b>	<b>\$ 225,563</b>	<b>\$ 1,100,634</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF CENTERVILLE  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2007

	<u>Agency Funds</u>
Additions:	
Agency fund additions	<u>\$ 963,485</u>
Total additions	<u>963,485</u>
Deductions:	
Agency fund deductions	<u>960,511</u>
Total deductions	<u>960,511</u>
Excess of total additions over total deductions	2,974
Cash and investment fund balance - beginning	<u>3,514</u>
Cash and investment fund balance - ending	<u><u>\$ 6,488</u></u>

The notes to the financial statements are an integral part of this statement.

TOWN OF CENTERVILLE  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2008

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Totals
Primary government:							
Governmental activities:							
General government	\$ 125,755	\$ 36,388	\$ -	\$ -	\$ (89,367)	\$ -	\$ (89,367)
Public safety	424,695	110,550	-	-	(314,145)	-	(314,145)
Highways and streets	225,197	9,958	78,296	21,463	(115,480)	-	(115,480)
Sanitation	143,863	-	-	-	(143,863)	-	(143,863)
Economic development	83,269	-	-	265,500	182,231	-	182,231
Culture and recreation	2,233	-	-	-	(2,233)	-	(2,233)
Urban redevelopment and housing	192,288	-	-	-	(192,288)	-	(192,288)
Principal and interest on indebtedness	43,414	-	-	-	(43,414)	-	(43,414)
Total governmental activities	1,240,714	156,896	78,296	286,963	(718,559)	-	(718,559)
Business-type activities:							
Electric Utility	2,029,406	2,037,928	-	-	-	8,522	8,522
Storm Water Utility	64,021	163,663	-	-	-	99,642	99,642
Wastewater Utility	2,979,709	958,533	1,341,000	339,940	-	(340,236)	(340,236)
Water Utility	291,971	326,972	-	-	-	35,001	35,001
Total business-type activities	5,365,107	3,487,096	1,341,000	339,940	-	(197,071)	(197,071)
Total primary government	\$ 6,605,821	\$ 3,643,992	\$ 1,419,296	\$ 626,903	(718,559)	(197,071)	(915,630)
General receipts:							
Property taxes					299,458	-	299,458
Intergovernmental					221,645	-	221,645
Other local sources					12,773	15,825	28,598
Net proceeds from borrowings					-	550,000	550,000
Grants and contributions not restricted to specific programs					5,101	-	5,101
Investment earnings					20,179	10,913	31,092
Transfers					5,789	-	5,789
Total general receipts					564,945	576,738	1,141,683
Change in net assets					(153,614)	379,667	226,053
Net assets - beginning					1,564,344	1,100,634	2,664,978
Net assets - ending					\$ 1,410,730	\$ 1,480,301	\$ 2,891,031
<b>Assets</b>							
Cash and investments					\$ 1,335,956	\$ 1,283,994	\$ 2,619,950
Restricted assets:							
Cash and investments					74,774	196,307	271,081
Total assets					\$ 1,410,730	\$ 1,480,301	\$ 2,891,031
<b>Net Assets</b>							
Restricted for:							
Public safety					\$ 9,024	\$ -	\$ 9,024
Urban redevelopment and housing					44,410	-	44,410
Debt service					21,340	13,327	34,667
Other purposes					-	182,980	182,980
Unrestricted					1,335,956	1,283,994	2,619,950
Total net assets					\$ 1,410,730	\$ 1,480,301	\$ 2,891,031

The notes to the financial statements are an integral part of this statement.

TOWN OF CENTERVILLE  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008

	General	Motor Vehicle Highway	Local Road And Street	EDIT	Cumulative Capital Development	Other Governmental Funds	Totals
<b>Receipts:</b>							
Taxes	\$ 230,394	\$ 25,597	\$ -	\$ -	\$ 8,935	\$ 34,532	\$ 299,458
Licenses and permits	7,730	-	-	-	-	-	7,730
Intergovernmental	122,300	97,381	21,463	161,200	1,177	183,383	586,904
Charges for services	132,832	-	-	-	-	10,784	143,616
Fines and forfeits	125	-	-	-	-	5,425	5,550
Other	31,665	1,287	-	-	-	5,101	38,053
<b>Total receipts</b>	<b>525,046</b>	<b>124,265</b>	<b>21,463</b>	<b>161,200</b>	<b>10,112</b>	<b>239,225</b>	<b>1,081,311</b>
<b>Disbursements:</b>							
General government	125,755	-	-	-	-	-	125,755
Public safety	395,350	-	-	-	-	10,998	406,348
Highways and streets	-	217,697	7,500	-	-	-	225,197
Sanitation	143,863	-	-	-	-	-	143,863
Economic development	-	-	-	83,269	-	-	83,269
Culture and recreation	-	-	-	-	-	2,233	2,233
Urban redevelopment and housing	34,144	-	-	-	-	158,144	192,288
<b>Debt service:</b>							
Principal	-	-	-	-	-	35,000	35,000
Interest	-	-	-	-	-	8,414	8,414
<b>Capital outlay:</b>							
Public safety	12,558	-	-	-	-	-	12,558
<b>Total disbursements</b>	<b>711,670</b>	<b>217,697</b>	<b>7,500</b>	<b>83,269</b>	<b>-</b>	<b>214,789</b>	<b>1,234,925</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(186,624)</b>	<b>(93,432)</b>	<b>13,963</b>	<b>77,931</b>	<b>10,112</b>	<b>24,436</b>	<b>(153,614)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	5,789	5,789
Transfers out	(5,789)	-	-	-	-	-	(5,789)
<b>Total other financing sources (uses)</b>	<b>(5,789)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,789</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(192,413)</b>	<b>(93,432)</b>	<b>13,963</b>	<b>77,931</b>	<b>10,112</b>	<b>30,225</b>	<b>(153,614)</b>
<b>Cash and investment fund balance - beginning</b>	<b>329,268</b>	<b>186,088</b>	<b>237,426</b>	<b>129,723</b>	<b>211,962</b>	<b>469,877</b>	<b>1,564,344</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 136,855</b>	<b>\$ 92,656</b>	<b>\$ 251,389</b>	<b>\$ 207,654</b>	<b>\$ 222,074</b>	<b>\$ 500,102</b>	<b>1,410,730</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 136,855	\$ 92,656	\$ 251,389	\$ 207,654	\$ 222,074	\$ 425,328	\$ 1,335,956
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	74,774	74,774
<b>Total cash and investment assets - ending</b>	<b>\$ 136,855</b>	<b>\$ 92,656</b>	<b>\$ 251,389</b>	<b>\$ 207,654</b>	<b>\$ 222,074</b>	<b>\$ 500,102</b>	<b>\$ 1,410,730</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,024	\$ 9,024
Urban redevelopment and housing	-	-	-	-	-	44,410	44,410
Debt service	-	-	-	-	-	21,340	21,340
Unrestricted	136,855	92,656	251,389	207,654	222,074	425,328	1,335,956
<b>Total cash and investment fund balance - ending</b>	<b>\$ 136,855</b>	<b>\$ 92,656</b>	<b>\$ 251,389</b>	<b>\$ 207,654</b>	<b>\$ 222,074</b>	<b>\$ 500,102</b>	<b>\$ 1,410,730</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF CENTERVILLE  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As Of And For The Year Ended December 31, 2008

	Electric Utility	Storm Water Utility	Wastewater Utility	Water Utility	Totals
<b>Operating receipts:</b>					
Metered/measured	\$ 1,809,071	\$ -	\$ 929,968	\$ 274,408	\$ 3,013,447
Public street and highway lighting	32,649	-	-	-	32,649
Fire protection receipts	-	-	-	40,000	40,000
Fees	-	160,607	-	-	160,607
Penalties	12,393	2,795	17,363	2,564	35,115
Miscellaneous	183,815	261	11,202	10,000	205,278
<b>Total operating receipts</b>	<b>2,037,928</b>	<b>163,663</b>	<b>958,533</b>	<b>326,972</b>	<b>3,487,096</b>
<b>Operating disbursements:</b>					
Salaries and wages	81,941	-	149,254	101,116	332,311
Employee pensions and benefits	10,957	-	21,227	13,805	45,989
Purchased water	-	-	954	-	954
Purchased power	-	-	40,774	23,337	64,111
Chemicals	-	-	9,857	3,428	13,285
Material and supplies	80,704	11,974	25,499	32,632	150,809
Contractual services	29,211	1,292	79,873	26,098	136,474
Taxes	29,123	-	-	3,937	33,060
Transportation	85,978	-	20,513	10,727	117,218
Insurance claims and expense	37,666	16,119	53,086	44,543	151,414
Production and supply	1,421,585	-	-	-	1,421,585
Refunds	12,356	-	6,332	2,881	21,569
Equipment and capital improvements	200,348	-	2,278,503	-	2,478,851
Miscellaneous	39,537	9,023	19,912	15,888	84,360
<b>Total operating disbursements</b>	<b>2,029,406</b>	<b>38,408</b>	<b>2,705,784</b>	<b>278,392</b>	<b>5,051,990</b>
<b>Excess (deficiency) of operating receipts over operating disbursements</b>	<b>8,522</b>	<b>125,255</b>	<b>(1,747,251)</b>	<b>48,580</b>	<b>(1,564,894)</b>
<b>Nonoperating receipts (disbursements):</b>					
Other disbursements	-	-	(113,237)	-	(113,237)
Rent	-	571	-	-	571
Investment income	5,075	468	1,956	3,414	10,913
Net proceeds from borrowings	-	-	550,000	-	550,000
Refunds	7,021	-	-	8,233	15,254
Grants	-	-	1,341,000	-	1,341,000
Debt service of principal	-	-	(131,000)	-	(131,000)
Interest disbursements	-	(25,613)	(29,688)	(13,579)	(68,880)
<b>Total nonoperating receipts (disbursements)</b>	<b>12,096</b>	<b>(24,574)</b>	<b>1,619,031</b>	<b>(1,932)</b>	<b>1,604,621</b>
<b>Excess (deficiency) of receipts over disbursements and nonoperating receipts (disbursements)</b>	<b>20,618</b>	<b>100,681</b>	<b>(128,220)</b>	<b>46,648</b>	<b>39,727</b>
Capital contributions	-	-	339,940	-	339,940
<b>Excess (deficiency) of receipts, contributions and transfers in over disbursements and transfers out</b>	<b>20,618</b>	<b>100,681</b>	<b>211,720</b>	<b>46,648</b>	<b>379,667</b>
Cash and investment fund balance - beginning	520,840	80,179	274,052	225,563	1,100,634
Cash and investment fund balance - ending	\$ 541,458	\$ 180,860	\$ 485,772	\$ 272,211	\$ 1,480,301
<b>Cash and Investment Assets - December 31</b>					
Cash and investments	\$ 517,573	\$ 170,447	\$ 437,763	\$ 158,211	\$ 1,283,994
Restricted assets:					
Cash and investments	23,885	10,413	48,009	114,000	196,307
<b>Total cash and investment assets - December 31</b>	<b>\$ 541,458</b>	<b>\$ 180,860</b>	<b>\$ 485,772</b>	<b>\$ 272,211</b>	<b>\$ 1,480,301</b>
<b>Cash and Investment Fund Balance - December 31</b>					
Restricted for:					
Debt service	\$ -	\$ 10,152	\$ 3,175	\$ -	\$ 13,327
Other purposes	23,885	261	44,834	114,000	182,980
Unrestricted	517,573	170,447	437,763	158,211	1,283,994
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 541,458</b>	<b>\$ 180,860</b>	<b>\$ 485,772</b>	<b>\$ 272,211</b>	<b>\$ 1,480,301</b>

The notes to the financial statements are an integral part of this statement.

TOWN OF CENTERVILLE  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2008

	Agency Funds
Additions:	
Agency fund additions	\$ 951,999
Total additions	951,999
Deductions:	
Agency fund deductions	951,096
Total deductions	951,096
Excess of total additions over total deductions	903
Cash and investment fund balance - beginning	6,488
Cash and investment fund balance - ending	\$ 7,391

The notes to the financial statements are an integral part of this statement.

TOWN OF CENTERVILLE  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Town was established under the laws of the State of Indiana. The Town operates under a Town Council form of government and provides the following services: public safety (police and fire), highways and streets, culture and recreation, public improvements, planning and zoning, general administrative services, electric, water, wastewater, storm water utility services and urban redevelopment and housing.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. 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 funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The motor vehicle highway fund is used to account for financial resources used to operate the street department including some street paving.

The local road and street fund is used to account for financial resources used to maintain the streets in the Town.

The economic development income tax fund is used to account for financial resources used for economic development of the Town.

The cumulative capital development fund is used to accumulate money for possible future capital projects.

The Town reports the following major proprietary funds:

The water utility fund accounts for the operation of the water distribution system.

TOWN OF CENTERVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The wastewater utility fund accounts for the operation of the wastewater treatment plant, pumping stations, and collection systems.

The electric utility fund accounts for the operation of the electric distribution system.

The storm water utility fund accounts for the operation and maintenance of the storm water collection system.

Additionally, the Town reports the following fund type:

Agency funds account for assets held by the Town as an agent for other governmental agencies and private companies.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Town and Utilities. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

Enterprise funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services and administrative costs. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. Internal service funds are used to account for activities provided to other departments or agencies primarily with the government. The Town does not have any internal service funds.

TOWN OF CENTERVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the Town on or prior to December 31 of the year collected.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the Town's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

TOWN OF CENTERVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

TOWN OF CENTERVILLE  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the Town submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the Town receives approval of the Indiana Department of Local Government Finance.

The Town's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2007 and 2008, were as follows:

Transfer From	Transfer To	2008
General Fund	Fire Department Bond	\$ <u>5,789</u>

The Town typically uses transfers for cash flow purposes as provided by various statutory provisions.

TOWN OF CENTERVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

IV. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Rate Structure – Enterprise Funds

Wastewater Utility

The current rate structure was approved by the Town Council on July 10, 2007.

Storm Water Utility

The current rate structure was approved by the Town Council on May 11, 2004.

C. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

TOWN OF CENTERVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The Town's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the Town and the Utilities is not available.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 24,711
Interest on net pension obligation	(796)
Adjustment to annual required contribution	907
Annual pension cost	24,822
Contributions made	28,896
Decrease in net pension obligation	(4,074)
Net pension obligation, beginning of year	(10,979)
Net pension obligation, end of year	\$ (15,053)
Contribution rates:	
Town	5.25%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

TOWN OF CENTERVILLE  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Assumptions	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 23,796	102%	\$ (12,554)
	06-30-07	27,695	94%	(10,979)
	06-30-08	24,822	116%	(15,053)

TOWN OF CENTERVILLE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 642,895	\$ 616,912	\$ 25,983	104%	\$ 517,223	5%
07-01-07	735,633	667,300	68,333	110%	501,462	14%
07-01-08	821,684	736,908	84,776	112%	479,898	18%

TOWN OF CENTERVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007

	Continuing Education	Riverboat	Rainy Day	Police Department Donations	Street Project	Beautification	Highway Service
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	15,304	-	-	-	-	-
Charges for services	850	-	-	-	-	-	3,572
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	1,773	-	675	-
<b>Total receipts</b>	<b>850</b>	<b>15,304</b>	<b>-</b>	<b>1,773</b>	<b>-</b>	<b>675</b>	<b>3,572</b>
<b>Disbursements:</b>							
Public safety	-	-	-	393	-	-	14,951
Highways and streets	-	-	-	-	41,009	682	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
<b>Debt service:</b>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	1,087
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>393</b>	<b>41,009</b>	<b>682</b>	<b>16,038</b>
Excess (deficiency) of receipts over disbursements	850	15,304	-	1,380	(41,009)	(7)	(12,466)
Cash and investment fund balance - beginning	2,715	61,227	127,420	3,549	64,249	645	23,224
Cash and investment fund balance - ending	<u>\$ 3,565</u>	<u>\$ 76,531</u>	<u>\$ 127,420</u>	<u>\$ 4,929</u>	<u>\$ 23,240</u>	<u>\$ 638</u>	<u>\$ 10,758</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 3,565	\$ 76,531	\$ 127,420	\$ -	\$ 23,240	\$ 638	\$ 10,758
<b>Restricted assets:</b>							
Cash and investments	-	-	-	4,929	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 3,565</b>	<b>\$ 76,531</b>	<b>\$ 127,420</b>	<b>\$ 4,929</b>	<b>\$ 23,240</b>	<b>\$ 638</b>	<b>\$ 10,758</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Public safety	\$ -	\$ -	\$ -	\$ 4,929	\$ -	\$ -	\$ -
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	3,565	76,531	127,420	-	23,240	638	10,758
<b>Total cash and investment fund balance - ending</b>	<b>\$ 3,565</b>	<b>\$ 76,531</b>	<b>\$ 127,420</b>	<b>\$ 4,929</b>	<b>\$ 23,240</b>	<b>\$ 638</b>	<b>\$ 10,758</b>

TOWN OF CENTERVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Fire Department Donations	Park Bridge	Park Restroom	Housing #2 Hd-001-015	Seat Belt Grant	Police Dept Grant 154AI04040401	Police Dept Grant 154AI-05-03-03-63
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	1,746	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	100	-	10,160	-	-	-	-
<b>Total receipts</b>	<b>100</b>	<b>-</b>	<b>10,160</b>	<b>1,746</b>	<b>-</b>	<b>-</b>	<b>-</b>
Disbursements:							
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Culture and recreation	-	-	19,500	-	-	-	-
Urban redevelopment and housing	-	-	-	227	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>19,500</b>	<b>227</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	100	-	(9,340)	1,519	-	-	-
Cash and investment fund balance - beginning	8,525	177	9,340	51,035	2,750	380	1,500
<b>Cash and investment fund balance - ending</b>	<b>\$ 8,625</b>	<b>\$ 177</b>	<b>\$ -</b>	<b>\$ 52,554</b>	<b>\$ 2,750</b>	<b>\$ 380</b>	<b>\$ 1,500</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 8,625	\$ 177	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	52,554	2,750	380	1,500
<b>Total cash and investment assets - ending</b>	<b>\$ 8,625</b>	<b>\$ 177</b>	<b>\$ -</b>	<b>\$ 52,554</b>	<b>\$ 2,750</b>	<b>\$ 380</b>	<b>\$ 1,500</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 2,750	\$ 380	\$ 1,500
Urban redevelopment and housing	-	-	-	52,554	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	8,625	177	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 8,625</b>	<b>\$ 177</b>	<b>\$ -</b>	<b>\$ 52,554</b>	<b>\$ 2,750</b>	<b>\$ 380</b>	<b>\$ 1,500</b>

TOWN OF CENTERVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Police Court Returns	Fire Truck Debt	Fire Department Bonds	Cum Cap Imp-Cig Tax	Ccif-Special Fire	Totals
Receipts:						
Taxes	\$ -	\$ 52,001	\$ -	\$ -	\$ 26,337	\$ 78,338
Intergovernmental	-	2,119	-	8,525	1,082	28,776
Charges for services	-	-	-	-	-	4,422
Fines and forfeits	3,894	-	-	-	-	3,894
Other	-	-	-	-	-	12,708
<b>Total receipts</b>	<b>3,894</b>	<b>54,120</b>	<b>-</b>	<b>8,525</b>	<b>27,419</b>	<b>128,138</b>
Disbursements:						
Public safety	-	-	246,117	-	-	261,461
Highways and streets	-	-	-	-	-	41,691
Culture and recreation	-	-	-	-	-	19,500
Urban redevelopment and housing	-	-	-	-	-	227
Debt service:						
Principal	-	30,000	-	-	-	30,000
Interest	-	4,250	5,195	-	-	10,532
<b>Total disbursements</b>	<b>-</b>	<b>34,250</b>	<b>251,312</b>	<b>-</b>	<b>-</b>	<b>363,411</b>
Excess (deficiency) of receipts over disbursements	3,894	19,870	(251,312)	8,525	27,419	(235,273)
Cash and investment fund balance - beginning	12,810	17,678	251,312	39,138	27,476	705,150
Cash and investment fund balance - ending	<u>\$ 16,704</u>	<u>\$ 37,548</u>	<u>\$ -</u>	<u>\$ 47,663</u>	<u>\$ 54,895</u>	<u>\$ 469,877</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 16,704	\$ -	\$ -	\$ 47,663	\$ 54,895	\$ 370,216
Restricted assets:						
Cash and investments	-	37,548	-	-	-	99,661
<b>Total cash and investment assets - ending</b>	<b>\$ 16,704</b>	<b>\$ 37,548</b>	<b>\$ -</b>	<b>\$ 47,663</b>	<b>\$ 54,895</b>	<b>\$ 469,877</b>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,559
Urban redevelopment and housing	-	-	-	-	-	52,554
Debt service	-	37,548	-	-	-	37,548
Unrestricted	16,704	-	-	47,663	54,895	370,216
<b>Total cash and investment fund balance - ending</b>	<b>\$ 16,704</b>	<b>\$ 37,548</b>	<b>\$ -</b>	<b>\$ 47,663</b>	<b>\$ 54,895</b>	<b>\$ 469,877</b>

TOWN OF CENTERVILLE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2007

	<u>Payroll</u>	<u>Excess Levy</u>	<u>Totals</u>
Additions:			
Agency fund additions	\$ 963,485	\$ -	\$ 963,485
Deductions:			
Agency fund deductions	<u>960,511</u>	<u>-</u>	<u>960,511</u>
Excess of total additions over total deductions	2,974	-	2,974
Cash and investment fund balance - beginning	<u>681</u>	<u>2,833</u>	<u>3,514</u>
Cash and investment fund balance - ending	<u>\$ 3,655</u>	<u>\$ 2,833</u>	<u>\$ 6,488</u>

TOWN OF CENTERVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008

	Continuing Education	Riverboat	Rainy Day	Police Department Donations	Street Project	Beautification	Highway Service
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	15,225	5,718	-	-	-	-
Charges for services	826	-	-	-	-	-	9,958
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	1,920	-	-	-
<b>Total receipts</b>	<b>826</b>	<b>15,225</b>	<b>5,718</b>	<b>1,920</b>	<b>-</b>	<b>-</b>	<b>9,958</b>
Disbursements:							
Public safety	-	-	-	2,455	-	-	600
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,455</b>	<b>-</b>	<b>-</b>	<b>600</b>
Excess (deficiency) of receipts over disbursements	826	15,225	5,718	(535)	-	-	9,358
Other financing sources:							
Transfers in	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	826	15,225	5,718	(535)	-	-	9,358
Cash and investment fund balance - beginning	3,565	76,531	127,420	4,929	23,240	638	10,758
Cash and investment fund balance - ending	<u>\$ 4,391</u>	<u>\$ 91,756</u>	<u>\$ 133,138</u>	<u>\$ 4,394</u>	<u>\$ 23,240</u>	<u>\$ 638</u>	<u>\$ 20,116</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 4,391	\$ 91,756	\$ 133,138	\$ -	\$ 23,240	\$ 638	\$ 20,116
Restricted assets:							
Cash and investments	-	-	-	4,394	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 4,391</u>	<u>\$ 91,756</u>	<u>\$ 133,138</u>	<u>\$ 4,394</u>	<u>\$ 23,240</u>	<u>\$ 638</u>	<u>\$ 20,116</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ 4,394	\$ -	\$ -	\$ -
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	4,391	91,756	133,138	-	23,240	638	20,116
<b>Total cash and investment fund balance - ending</b>	<u>\$ 4,391</u>	<u>\$ 91,756</u>	<u>\$ 133,138</u>	<u>\$ 4,394</u>	<u>\$ 23,240</u>	<u>\$ 638</u>	<u>\$ 20,116</u>

TOWN OF CENTERVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Fire Department Donations	Park Bridge	Park Restroom	Housing #2 Hd-001-015	Seat Belt Grant	Police Dept Grant 154AI04040401	Police Dept Grant 154AI-05030363
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	150,000	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	1,125	-	2,056	-	-	-	-
<b>Total receipts</b>	<b>1,125</b>	<b>-</b>	<b>2,056</b>	<b>150,000</b>	<b>-</b>	<b>-</b>	<b>-</b>
Disbursements:							
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	177	2,056	-	-	-	-
Urban redevelopment and housing	-	-	-	158,144	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>177</b>	<b>2,056</b>	<b>158,144</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	1,125	(177)	-	(8,144)	-	-	-
Other financing sources:							
Transfers in	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,125	(177)	-	(8,144)	-	-	-
Cash and investment fund balance - beginning	8,625	177	-	52,554	2,750	380	1,500
Cash and investment fund balance - ending	<u>\$ 9,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,410</u>	<u>\$ 2,750</u>	<u>\$ 380</u>	<u>\$ 1,500</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 9,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	44,410	2,750	380	1,500
<b>Total cash and investment assets - ending</b>	<u>\$ 9,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,410</u>	<u>\$ 2,750</u>	<u>\$ 380</u>	<u>\$ 1,500</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 2,750	\$ 380	\$ 1,500
Urban redevelopment and housing	-	-	-	44,410	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	9,750	-	-	-	-	-	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ 9,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,410</u>	<u>\$ 2,750</u>	<u>\$ 380</u>	<u>\$ 1,500</u>

TOWN OF CENTERVILLE  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2008  
 (Continued)

	Police Court Returns	Fire Truck Debt	Fire Department Bonds	Cum Cap Imp-Cig Tax	Ccif-Special Fire	Totals
<b>Receipts:</b>						
Taxes	\$ -	\$ 18,924	\$ -	\$ -	\$ 15,608	\$ 34,532
Intergovernmental	-	2,493	-	7,893	2,054	183,383
Charges for services	-	-	-	-	-	10,784
Fines and forfeits	5,425	-	-	-	-	5,425
Other	-	-	-	-	-	5,101
<b>Total receipts</b>	<b>5,425</b>	<b>21,417</b>	<b>-</b>	<b>7,893</b>	<b>17,662</b>	<b>239,225</b>
<b>Disbursements:</b>						
Public safety	-	-	-	-	7,943	10,998
Culture and recreation	-	-	-	-	-	2,233
Urban redevelopment and housing	-	-	-	-	-	158,144
<b>Debt service:</b>						
Principal	-	35,000	-	-	-	35,000
Interest	-	2,625	5,789	-	-	8,414
<b>Total disbursements</b>	<b>-</b>	<b>37,625</b>	<b>5,789</b>	<b>-</b>	<b>7,943</b>	<b>214,789</b>
Excess (deficiency) of receipts over disbursements	5,425	(16,208)	(5,789)	7,893	9,719	24,436
<b>Other financing sources:</b>						
Transfers in	-	-	5,789	-	-	5,789
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,425	(16,208)	-	7,893	9,719	30,225
Cash and investment fund balance - beginning	16,704	37,548	-	47,663	54,895	469,877
Cash and investment fund balance - ending	<u>\$ 22,129</u>	<u>\$ 21,340</u>	<u>\$ -</u>	<u>\$ 55,556</u>	<u>\$ 64,614</u>	<u>\$ 500,102</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 22,129	\$ -	\$ -	\$ 55,556	\$ 64,614	\$ 425,328
<b>Restricted assets:</b>						
Cash and investments	-	21,340	-	-	-	74,774
<b>Total cash and investment assets - ending</b>	<b><u>\$ 22,129</u></b>	<b><u>\$ 21,340</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 55,556</u></b>	<b><u>\$ 64,614</u></b>	<b><u>\$ 500,102</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,024
Urban redevelopment and housing	-	-	-	-	-	44,410
Debt service	-	21,340	-	-	-	21,340
Unrestricted	22,129	-	-	55,556	64,614	425,328
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 22,129</u></b>	<b><u>\$ 21,340</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 55,556</u></b>	<b><u>\$ 64,614</u></b>	<b><u>\$ 500,102</u></b>

TOWN OF CENTERVILLE  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2008

	<u>Payroll</u>	<u>Excess Levy</u>	<u>Totals</u>
Additions:			
Agency fund additions	\$ 951,999	\$ -	\$ 951,999
Deductions:			
Agency fund deductions	<u>951,096</u>	<u>-</u>	<u>951,096</u>
Excess of total additions over total deductions	903	-	903
Cash and investment fund balance - beginning	<u>3,655</u>	<u>2,833</u>	<u>6,488</u>
Cash and investment fund balance - ending	<u>\$ 4,558</u>	<u>\$ 2,833</u>	<u>\$ 7,391</u>

TOWN OF CENTERVILLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Fire Truck of 2000	\$ 35,000	\$ 35,875
Fire Truck of 2006	<u>255,000</u>	<u>23,978</u>
Total governmental activities debt	<u>\$ 290,000</u>	<u>\$ 59,853</u>
Business-type Activities:		
Water Utility		
Revenue bonds:		
Water Utility Improvements of 2004	<u>\$ 780,000</u>	<u>\$ 69,450</u>
Wastewater Utility		
Revenue bonds:		
SRF Issue of 2006	3,220,920	219,840
SRF Issue of 2007	<u>326,304</u>	<u>49,013</u>
Total Wastewater Utility	<u>3,547,224</u>	<u>268,853</u>
Stormwater Utility:		
Revenue bonds:		
Stormwater Utility Issue of 2005	<u>1,065,000</u>	<u>90,264</u>
Total business-type activities debt:	<u>\$ 5,392,224</u>	<u>\$ 428,567</u>

TOWN OF CENTERVILLE  
AUDIT RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The Town did not record additions or disposals of capital assets in the Capital Assets Ledger during the period examined as required.

Every governmental unit should have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory should be recorded in the Capital Assets Ledger. A complete inventory should be taken every year for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

ANNUAL REPORT

The annual financial report for 2008 was presented for audit after the required deadline. Also, the report was not accurate as is required.

IC 5-3-1-3(a) states in part: "Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town . . ."

LACK OF SEGREGATION OF DUTIES

We noted a deficiency in the internal control system of the Town related to financial reporting. The Town has not separated the activities of preparing and approving the annual financial report for the Town. These activities should be separated in order to provide additional assurance that the annual financial report will be prepared in a timely and accurate manner.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of the reporting on financial information. Segregation of duties is an important consideration in establishing proper internal control. Controls over the Town's annual financial report are necessary to provide reasonable assurance that the report meets all compliance standards. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE TOWN OF CENTERVILLE, WAYNE COUNTY, INDIANA

Compliance

We have audited the compliance of the Town of Centerville (Town) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2008. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

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

In our opinion, the Town complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2008.

Internal Control Over Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a Town's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

The Town's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management, the Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

November 5, 2009

TOWN OF CENTERVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-07	Total Federal Awards Expended 12-31-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Direct Grant				
Water and Waste Disposal Systems for Rural Communities Rice - Kellam Sanitary Sewer	10.760		\$ -	\$ 1,892,877
Total for federal grantor agency			-	1,892,877
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Pass-through Indiana Office of Community and Rural Affairs Community Development Block Grant/State's Program	14.228			
		CF-06-220	200,613	324,387
		HD-001-015	227	-
		HD-007-010	-	150,000
Total for federal grantor agency			200,840	474,387
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>				
Pass-through Indiana Department of Environmental Management Capitalization Grants for Clean Water State Revolving Funds	66.458			
		WW06468901	428,671	812,460
		WW06468902	28,775	108,208
Total for federal grantor agency			457,446	920,668
Total federal awards expended			\$ 658,286	\$ 3,287,932

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

TOWN OF CENTERVILLE  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Centerville (Town) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of towns with populations under 5,000 shall be conducted biennially. Such audits shall include both years within the biennial period.

TOWN OF CENTERVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weaknesses identified? no

Significant deficiencies identified that are not considered to be material weaknesses? yes

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified? no

Significant deficiencies identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
10.760	Water and Waste Disposal Systems for Rural Communities
66.458	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

TOWN OF CENTERVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section II – Financial Statement Findings

FINDING 2008-1, LACK OF SEGREGATION OF DUTIES

We noted deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute a material weakness:

Lack of Segregations of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to recording and reconciling town receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances to reconciled bank balances and preparing and approving the Town's Annual Financial Report. The failure to establish these controls could enable material misstatements or irregularities to go undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TOWN OF CENTERVILLE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

# **TOWN OF CENTERVILLE**

*P. O. Box 125, 204 E. Main St.*

*Centerville, Indiana 47330*

*Ph: 765-855-5515*

*Fx: 765-855-2514*

November 5, 2009

State Board of Accounts  
302 W. Washington S., Rm E418  
Indianapolis, IN 46204-2738

## **CORRECTIVE ACTION PLAN – TOWN OF CENTERVILLE AUDIT RESULTS AND COMMENTS**

### **FINDING 2008-1. LACK OF SEGREGATION OF DUTIES**

We noted deficiencies in the internal control system of the Town related to financial transactions and reporting. We believe the following deficiencies constitute a material weakness:

Lack of Segregations of Duties: Control activities should be selected and developed at various levels of the Town to reduce risks to achievement of financial reporting objectives. The Town has not separated incompatible activities related to recording and reconciling town receipts, utility billings and collections, disbursements, payroll and related liabilities, and cash and investment balances to reconciled bank balances and preparing and approving the Town's Annual Financial Report. The failure to establish these controls could enable material misstatements or irregularities to go undetected.

### **COMMENT**

The plan for segregating of duties has already started with a new employee that will assist the clerk-treasurer in the duties related to recording and reconciling town receipts, utility billings and collections, disbursements, payroll and related liabilities and cash and investment balances to reconciled bank balances and preparing the Town's Annual Financial Report.

This step will give the clerk-treasurer more time to oversee the total operation of all functions of the utility office for which she is responsible.

Sincerely,

TOWN OF CENTERVILLE



Janice L. Roberts,  
Clerk-Treasurer

TOWN OF CENTERVILLE  
EXIT CONFERENCE

The contents of this report were discussed on November 5, 2009, with Janice L. Roberts, Clerk-Treasurer. The official response has been made a part of this report and may be found on page 45.

**TOWN OF CENTERVILLE  
AUDIT RESULTS AND COMMENTS  
OFFICIAL RESPONSE  
November 5, 2009**

**CAPITAL ASSET RECORDS:**

The Town did not record additions or disposals of capital assets in the Capital Assets Ledger during the period examined as required.

**COMMENT:**

The Town of Centerville has a capital assets record book. However, due to the number of projects and work overload of the office, this record book has not been updated for the period 2007-08.

The plan is to call Pat Callahan, CPA, and Dan Buckland, or another GASB-34 qualified accountant to work with capital asset records, to work with the clerk-treasurer to get this capital assets record book up to date as soon as possible.

**ANNUAL REPORT:**

The annual financial report for 2008 was presented for audit after the required deadline. Also, the report was not accurate as is required.

**COMMENT:**

A new employee has been hired by the clerk-treasurer to assist her in keeping up with her duties, of which includes the annual report. The clerk-treasurer will make any necessary corrections to assure that all future annual reports are correct.

**LACK OF SEGREGATION OF DUTIES:**

We noted a deficiency in the internal control system of the Town related to financial reporting. The Town has not separated the activities of preparing and approving the annual financial report for the Town. These activities should be separated in order to provide additional assurance that the annual financial report will be prepared in a timely and accurate manner.

**COMMENT:**

The plan for segregating of duties has already started with a new employee that will assist the clerk-treasurer in the duties related to recording and reconciling town receipts, utility billings and collections, disbursements, payroll and related liabilities and cash and investment balances to reconciled bank balances and preparing the Town's Annual Financial Report.

This step will give the clerk-treasurer more time to oversee the total operation of all functions of the utility office and other duties for which she is responsible.