

**CENTERVILLE CITY CORPORATION  
CENTERVILLE, UTAH**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2009**

**CENTERVILLE CITY CORPORATION**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2009**

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**INTRODUCTORY SECTION**



# CENTERVILLE CITY

250 North Main • Centerville, Utah 84014-1824 • (801) 295-3477 • Fax: (801) 292-8034

Incorporated in 1915

*Mayor*

Ronald G. Russell

*City Council*

Justin Y. Allen

Ken S. Averett

Paul A. Cutler

Sherri L. Lindstrom

Lawrence Wright

*City Manager*

Steve H. Thacker

December 21, 2009

To the Honorable Mayor, City Council and Citizens of Centerville, Utah

State law requires that all cities publish within six months of the close of the fiscal year a complete set of financial statements presented in conformance to generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a qualified, licensed certified public accounting firm. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of Centerville, Utah for the fiscal year ended June 30, 2009.

These statements are prepared to comply with the requirements promulgated by the Government Accounting Standards Board (GASB) Statement 34. Significant changes in the basic statements is addition of City-wide consolidated reports that include a statement of net assets and a statement of activities. They take the place of the traditional balance sheet and operating statements used in private business, but serve a similar purpose. These City-wide statements consolidate all funds and component units of the City and use full accrual basis of accounting with a flow of financial resources measurement focus. These city-wide statements will make it easier to measure and analyze the changes in financial position over time.

This report consists of management's representation concerning the finances of Centerville City. We believe that the data, as presented, is accurate in all material aspects and fairly sets forth the financial position and results of operations of the City as measured by the financial activities of its various funds. Disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have also been included. Additional review and management analysis of the financial statements and financial position of the City is provided in the Management's Discussion and Analysis.

The financial statements have been audited by Hansen, Bradshaw, Malmrose & Erickson, PC, a licensed certified public accounting firm qualified to perform audits of municipal governments. The goal of the independent audit was to provide reasonable assurance that the financial statements of Centerville City for the fiscal year ended June 30, 2009, are free of material misstatements. The independent audit involved examining, on a test basis, evidence of supporting the amounts and disclosures in the financial statements; assessing the accounting principles and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Centerville City's financial statements for the fiscal year ended June 30, 2009, and are fairly presented in conformity with GAAP. The independent auditor's report is presented at the beginning of the financial section of this report.

## Community and History

Centerville was settled in the fall of 1847 by Thomas Grover and his family. In the spring of 1848 the Deuel brothers moved to the community to farm the rich soils. Early Centerville was a farming community, producing superior crops from the rich soils deposited from the streams which flowed from the canyons of the Wasatch Mountains. By 1853 the community had grown to 194 inhabitants. The community was incorporated as a Town in 1915.

Centerville continued to be a farming community through the 1940's, including market gardening and orchards of apples, apricots, cherries and peaches. Due to its proximity to Salt Lake City and its appealing setting, however, Centerville has since grown primarily into a suburban community.

## Organization

Centerville is a city of the fourth class (population between 10,000 and 30,000), operating under the six member council form of government, with the City Manager by ordinance. The legislative body, the City Council, is comprised of five members plus the Mayor. The Mayor and council members are elected to staggered four-year terms. The City Council establishes policies and procedures for the efficient administration and operation of the City and approves and amends the budget. The City Manager is hired upon the recommendation of the Mayor and approval by the City Council. The City Manager is responsible for the daily management of the City. The Financial Statements of the City include all government activities, organizations and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board. Based on these criteria, the Redevelopment Agency of Centerville City and Municipal Building Authority of Centerville City are included; however, no other governmental organizations are included in this report.

## Services

Major services provided or funded by the City include Justice Court, Police, Street Improvements and Maintenance, Culinary Water, Drainage/Flood Control, Solid Waste Collection and Disposal, Planning and Zoning, Building Inspection, Code Enforcement, Parks Maintenance & Construction, Youth and Adult Recreation, Cemetery, and a Local Museum.

Major services provided under the Enterprise Fund include culinary water, storm drainage and solid waste collection (sanitation). Recycling services was added during the fiscal year. Fire service and solid waste disposal are provided by special districts, with funding coming from municipalities within the districts, including Centerville City. Solid waste collection is provided through the City by a private contractor. Centerville City is also included in the South Davis Recreation District.

### *Economic Factors and Conditions*

The City has had slow to moderate residential growth in recent years. Most of the land available for living areas is already developed. Revenue growth has begun to slow significantly in the last quarter of the fiscal year, as the national and local economies have slowed. The economy in the State of Utah has fared better than many other states and nationally, but is still affected by difficulties in the capital markets and consumer spending. The City has fortunately had the ability in recent years to have comfortable reserves to be able invest in capital projects, and has maintained services and operating expenditures at a level that should be sustainable even with flat or decreasing revenues.

The recession has had an impact on the City. After years of steady growth in sales tax, there was a significant decrease in sales tax during the fiscal year. Sales tax is the main source of tax revenue for general services. Statewide sales tax revenues are down considerably with the slowing economy. Local option sales tax revenues have decreased nearly 20% statewide. Centerville has fared somewhat better with the local option sales tax receipts have been down just less than 13% in the fiscal year. This is due to the City's local economy faring better than the State. This trend is expected to continue into 2010, but is hoped that the State and local economies will begin to rebound.

The City has also completed the revision of the General Development plan of the City's west side. This area is contemplated to be developed as light industrial and commercial office space. This area has the potential to be a significant employment center and contribute substantially to the City's property tax base. The City is pursuing options to encourage development of this area which has been assisted by the completion of the Legacy Parkway in the fall of 2008.

### *Major Initiatives*

#### Regional Transportation Projects

Several significant transportation projects impacted Centerville during Fiscal Year 2008-2009: Legacy Parkway; widening of Parrish Lane (State Route 105); and the South Davis Transit Study.

The Legacy Parkway, a State freeway project, and its trail system opened in September 2008. This new arterial roadway through Centerville reduced congestion on Main Street, which commuters had been using as an alternative to I-15. During construction of the Legacy Parkway, the Utah Department of Transportation (UDOT) also initiated the widening of Parrish Lane west of I-15. This improvement—completed in the fall of 2008—increases the capacity of the east-west connection between I-15 and the Legacy Parkway.

City officials continued their participation in an in-depth study of transit options for south Davis County, undertaken by UTA and UDOT. The first phase of this study, identifying the preferred transit mode (light rail or streetcar) and route, was completed in the prior fiscal year. Phase 2 of the study, a rigorous

environmental impact analysis, continued throughout FY 2008-2009. The public report of that phase is expected to be released in January 2010.

### Community Development

City officials were involved in two major community planning initiatives in FY 2008-2009, one for the area west of I-15 and one for the foothills.

The area west of I-15 was the focus of a General Plan update in the prior fiscal year. This was followed by a related process in FY 2008-2009—the drafting of design standards and guidelines for the Shorelands Commerce Park District. These regulations were finally adopted in June 2009 and will govern the future development of a large, environmentally sensitive area that is intended to become a job creation center, preferably a technology and research business park.

The City Council also initiated a process for preparing a management plan for the foothills area along the east side of the community. This “Foothills Management Plan,” when completed, will identify acceptable uses of the public and private land in this corridor and will include policies for the wise management of these uses. It may also recommend areas acceptable for annexation.

### Public Works

City staff continued implementation of three important master plans updated in 2007: 1) Street Maintenance Plan; 2) Culinary Water Master Plan; and 3) Drainage Master Plan.

The Street Maintenance Plan identifies the type of pavement preservation activities needed over a five-year period for all city streets. This plan serves as a guide for determining which streets are included in each annual streets improvement project. The plan also promotes coordination of underground utility work with street resurfacing and reconstruction projects.

The Culinary Water Master Plan and Drainage Master Plan recommend projects to be done over the next 10-15 years. These plans are the foundation for determining capital improvement projects year by year—including system improvements to be constructed by developers—and enable City officials to evaluate long-term revenue needs and potential user fee increases.

Three projects begun in FY 2008-2009 are of note: 1) a site was purchased for a future well and pump station; 2) the City began a study of the potential debris flow volume from Centerville Canyon, as a basis for designing a mitigation project; and 3) the City secured a Community Development Block Grant to fund drainage, street and fire protection improvements in the Pheasantbrook neighborhood.

### Cultural Arts Center

The Redevelopment Agency (RDA) of Centerville began construction of the Davis Cultural Arts Center in May 2009. This \$14 million facility is being funded with a Recreation, Arts and Parks (RAP) tax approved by Centerville and Bountiful voters, RDA property tax increment and County tourism taxes. The RDA has also provided the site. The facility is scheduled to open in January 2011.

### City Hall Addition/Remodeling Project

To meet the space needs of several departments, the City Council approved a major renovation of City Hall. The \$750,000 project included a 3,400 square-foot addition, significant remodeling of the lower level, and enhancement of accessory structures on City Hall property. Construction began in the spring of 2009 and was fully funded with cash reserves.

### Curbside Recycling

After extensive study and public comment, the City Council authorized a new curbside recycling service for Centerville residents. The service was implemented as an "opt-out" choice. Residents were notified by special mailing of the opportunity to opt-out of the service. Those who did not submit the opt-out form by the advertised deadline were included in the service, paying \$3.50 per month for curbside pickup every two weeks. About 80 percent of Centerville residents are participating.

### Telecommunication Services

The Utah Telecommunications Open Infrastructure Agency (UTOPIA), a high-speed broadband initiative supported by 11 cities, began Phase 2 construction in 2007, including Centerville. Unfortunately, due to suspension of a federal grant intended to fund the Centerville portion of this 11-city network, local work was stopped after only a few months. In 2008 UTOPIA asked member cities to increase their sales tax pledges as security for a refinancing plan that would allow continuation of construction in its member cities. UTOPIA will begin drawing upon sales tax pledges in 2010 to cover debt service. Centerville's maximum annual risk (i.e., sales tax pledge) begins at \$394,458 in 2010 and increases by 1.82% per year thereafter. UTOPIA is currently in negotiations with Rural Utility Service, the source of the suspended federal grant, to settle UTOPIA's claim for damages resulting from that action. No further construction of UTOPIA's fiber optic infrastructure occurred in Centerville in FY 2008-2009.

### Cash Management

The City receives banking services from Wells Fargo Bank. The City has accounts for payroll, accounts payable, and the RDA. Idle cash is invested by the City Treasurer in the Public Treasurer's Investment Fund managed by the Utah State Treasurer's office. The Treasurer's activities are regulated by the Utah State Money Management Act, which stipulates investment guidelines for the proper management of

investment portfolios.

### *Risk Management*

The City is a member of Utah Risk Management Mutual Association (URMMA), a risk pool established in 1987 for liability insurance. The focus of the pool is to insure its members reduce risk and manage claims. Commercial insurance for property and equipment is purchased through cooperative agreements with URMMA to acquire group rates. The City, through URMMA, is very dedicated to risk management. Premium calculations include a modifier determined by a yearly inspection by URMMA for liability exposure.

### *Awards*

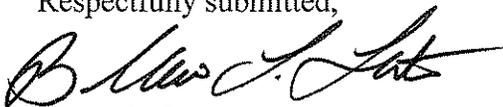
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Centerville City for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the tenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### *Acknowledgments*

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and City employees in the Community Development and Public Works departments. We would like to thank the Mayor and members of the City Council for their interest and support in the financial operations of the City, for demonstrating fiscal responsibility, and for striving to achieve the highest possible standards.

Respectfully submitted,



Blaine L. Lutz

Finance Director/Assistant City Manager

**CENTERVILLE CITY CORPORATION  
PRINCIPAL OFFICIALS**

EXECUTIVE BUDGETARY

Steve H. Thacker  
Blaine L. Lutz

City Manager  
Finance Director/Asst. City Manager

STATUTORY APPOINTED OFFICIALS

Marilyn Holje  
Jolene Jackson  
David Miller

Recorder  
Treasurer  
Justice Court Judge

DEPARTMENT HEADS

Neal Worsley  
Randy Randall  
Bruce Cox  
Corvin Snyder

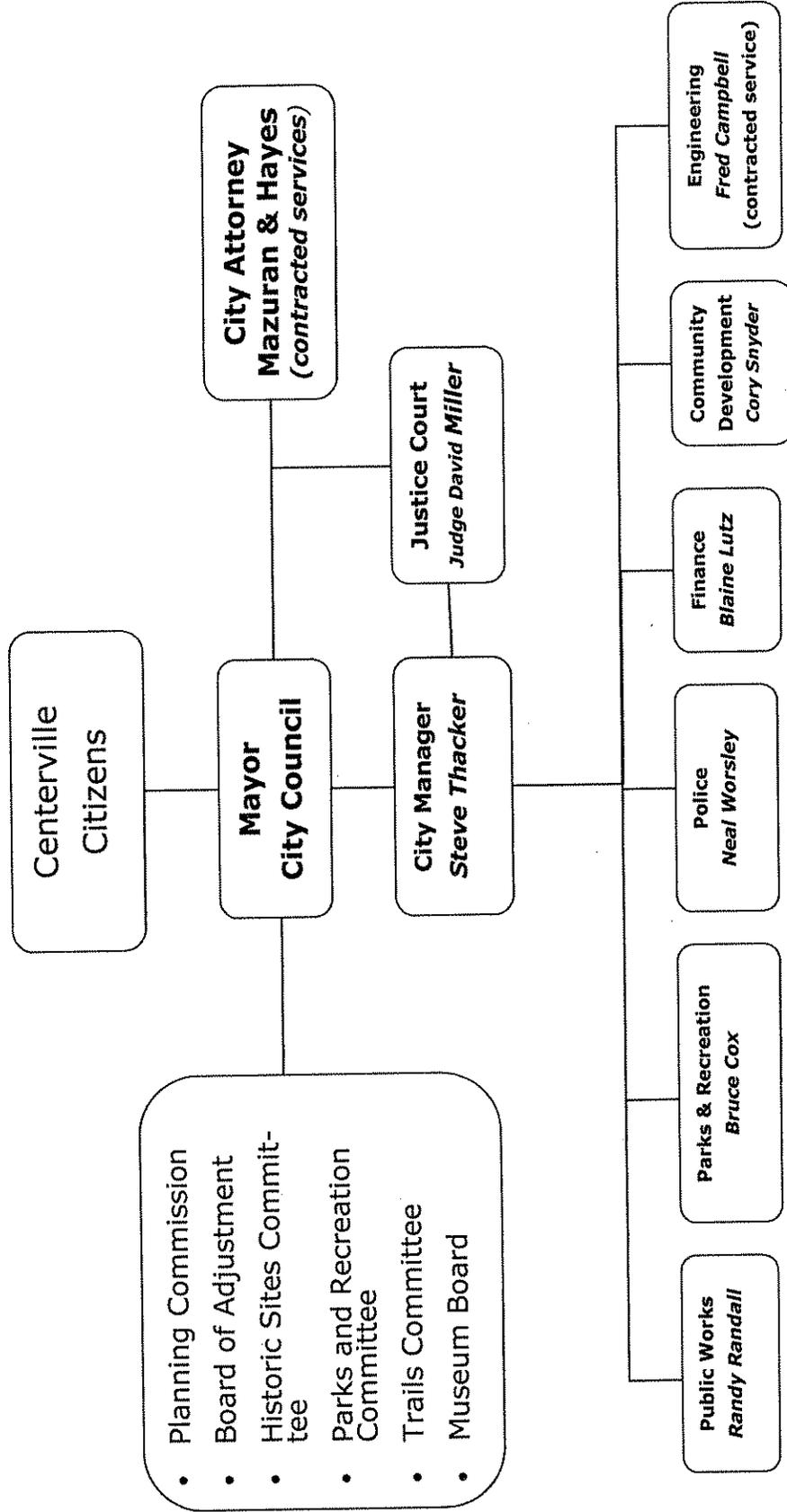
Police Chief  
Public Works Director  
Parks/Recreation Director  
Community Development Director

OTHER CITY OFFICIALS

Marsha Morrow  
Paul Child  
Fred Campbell  
Lisa Romney

Deputy City Recorder  
Police Lieutenant  
Engineer  
Attorney

# CENTERVILLE CITY ORGANIZATIONAL CHART



\*Elected officials include: the Mayor (Ronald Russell) and City Council (Justin Allen, Ken Averett, Paul Cutler, Sherri Lynn Lindstrom, Lawrence Wright). The City Manager, City Attorney, Justice Court Judge, and all Department Heads are appointed positions.

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Centerville City Corporation  
Utah

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

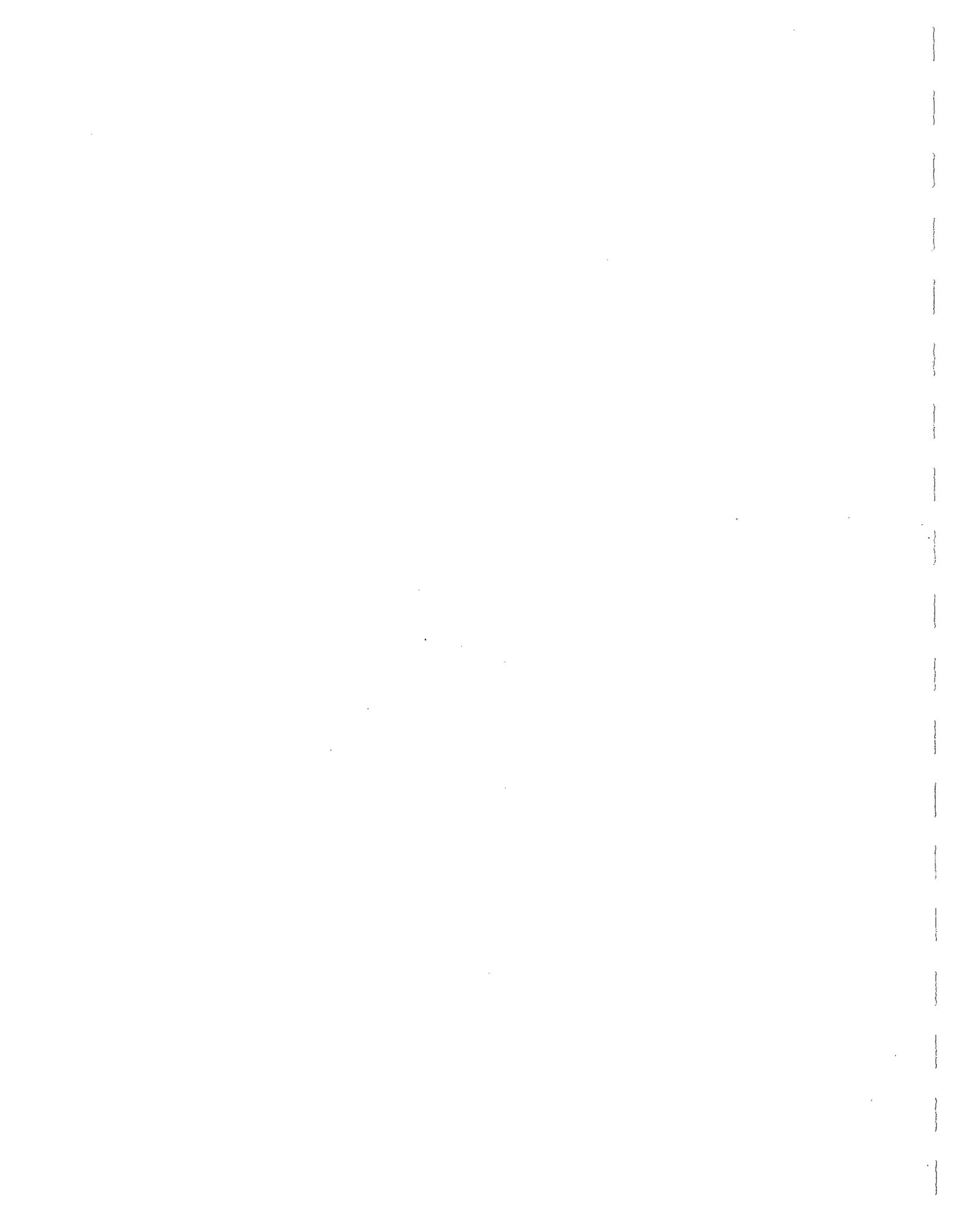


President

Executive Director

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**FINANCIAL SECTION**



# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South  
Bountiful, Utah 84010  
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Fax 801-296-1218

E. Lynn Hansen, CPA  
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Jason L. Tanner, CPA

Robert D. Wood, CPA  
Aaron R. Hixson, CPA  
Ted C. Gardiner, CPA  
Jeffrey B. Miles, CPA

*Members of the  
American Institute  
of Certified Public  
Accountants*

*Members of the  
Private Company  
Practice Section*

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and Members of the City Council  
Centerville City Corporation, Utah

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 Centerville City Corporation, Utah (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Centerville City Corporation, Utah, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 13-24 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 supplementary information. However, we did not audit the information and express no opinion on it.

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

*Hansen, Bradshaw, Malmrose & Erickson, P.C.*

December 21, 2009

## *Management's Discussion & Analysis*

The management of Centerville City presents the following narrative and analysis of the financial statements and financial activities of Centerville City as prescribed by the Governmental Accounting Standards Board (GASB). The information and analysis pertains to the fiscal year ended June 30, 2009.

### *Financial Highlights*

The assets of Centerville City exceeded its liabilities at June 30, 2009 by \$33,974,411 (net assets). Of this amount \$3,791,225 (unrestricted net assets), may be used to meet the City's ongoing obligations. \$15,621,039 is invested in capital assets net of debt while \$14,562,147 is restricted for debt service or construction.

Centerville's total net assets increased \$2,498,739 from the prior year. The City's net assets are significantly restructured due to the issuance of Sales Tax Revenue bonds in the amount of \$11,655,000 for the construction of the Davis Cultural Arts Center. Investment in Capital Assets Net of Debt decreased \$9,132,025 from the prior year, even though Capital Assets Net of Depreciation increased by \$2,532,278. Conversely, Restricted Net Assets for Debt and Construction increased by \$13,286,286. Unrestricted Net Assets decreased by \$1,655,522. The primary reason for this decrease is the use of reserves for capital projects and operating expenditures.

Centerville's governmental funds reported a combined ending fund balances of \$17,585,055 at June 30, 2009, a \$11,505,396 increase from the previous year, primarily due to the financing and construction of the Davis Cultural Arts Center. Reserved balances for Debt Service or Construction increased \$13,266,695. Of the ending fund balances, \$2,581,493 is available for spending at the City's discretion (unreserved fund balance), a \$1,673,458 decrease from the previous period. The decrease is primarily due to the decreases in: 1) capital project reserves, \$793,238 2) Redevelopment Agency reserves \$575,187 and 3) General fund unrestricted reserves, \$329,254.

At June 30, 2009, unreserved fund balance of the general fund was \$1,211,929 or 14.50% of total general fund expenditures for the year.

### *Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to Centerville City basic financial statements. Centerville City's basic financial statements comprise of four components. 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) other supplementary statistical information in addition to the basic financial statements.

### *Government-wide financial statements*

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

The *statement of net assets* presents information on all of Centerville City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as an indicator of changes in financial position of the City.

The *statement of activities* presents information showing how Centerville City's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods.

Both of the government-wide financial statements distinguish functions of Centerville City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Centerville City include general government, police, community development, streets and public improvements, parks and recreation. The business type activities of Centerville City include services for culinary water, storm and sub-surface water and solid waste.

The government-wide financial statements include Centerville City (known as the primary government) and two separate legal entities (known as component units). The financial information for the Centerville City Redevelopment Agency (RDA), and the Centerville City Municipal Building Authority (MBA), are included in the statements. However, because the City's governing body is the same as the governing boards of both of these component units, and can substantially control them, their financial information is blended and reported together with the financial information presented for the primary government.

### **Fund financial statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Centerville City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related laws and regulations. All of the funds of Centerville City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on the near term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental funds with the similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long term impact of the City's near term financing decisions. Both the governmental funds balance sheet and the governmental fund

statement of revenues, expenditures and changes in the fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Centerville City maintains fourteen (14) individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the General fund, Redevelopment Agency, and Arts Center fund all of which are considered major funds. Data from the other ten (11) governmental funds are combined into a single, aggregate presentation. Individual fund data for each governmental fund is provided in the form of individual and combining statements elsewhere in the report.

Centerville City adopts an annual budget for its three major governmental funds; General Fund and Art Center Capital Improvement fund, as well as the the Centerville City Redevelopment Agency. A budgetary comparison statement has been provided for the general fund, the Art Center Capital Improvement Fund, and Redevelopment Agency to demonstrate compliance with budget.

Proprietary funds - Centerville City maintains one type of proprietary fund, known as an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government wide financial statements. The City uses enterprise funds to account for water, solid waste collection, and drainage.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the water and drainage funds because they are considered major funds. Solid waste collection is considered to be the only non-major fund; therefore, it is presented in conjunction with the major funds under other proprietary funds-sanitation.

### Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### Other information

In addition to the basic financial statements and the accompanying notes, this report also presents combining and individual schedules referred to earlier in connection with the non-major governmental funds. They are presented immediately following the notes to the financial statements. Selected statistical information is presented in tabular form. Auditors reports on compliance are also included at the end of the document.

### Government-wide Financial analysis

As noted earlier, net assets is an indicator of a government's financial position. In the case of Centerville City, assets exceeded liabilities by \$33,974,411 at June 30, 2009.

The largest portion of the City's net assets is \$15,621,039 or 45.98%, which reflects investments in capital assets including land, buildings, machinery and equipment, less any related debt used to acquire those assets that is still outstanding. Primarily due to the issuance of bonds for the Davis Cultural Arts Center, the Net Capital Assets has been significantly reduced from the prior year. The City uses capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities.

A significant portion of the City's net assets \$14,562,147 or 42.86% represents resources that are now subject to external restrictions on how they may be utilized. The remaining balance of unrestricted net assets \$3,791,225, or 11.16%, may be used to meet the ongoing obligations to citizens and creditors.

### Centerville City Net Assets

	Governmental Activities 2009	Governmental Activities 2008	Business-Type Activities 2009	Business-Type Activities 2008	Total 2009	Total 2008
Current and other assets	\$21,299,186	\$10,027,369	\$1,043,902	\$1,090,216	\$22,343,088	\$11,117,585
Capital assets	<u>\$17,612,627</u>	<u>\$15,730,456</u>	<u>\$14,155,715</u>	<u>\$13,505,608</u>	<u>\$31,768,342</u>	<u>\$29,236,064</u>
Total assets	<u>\$38,911,813</u>	<u>\$25,757,825</u>	<u>\$15,199,617</u>	<u>\$14,595,824</u>	<u>\$54,111,430</u>	<u>\$40,353,649</u>
Long-term liabilities	\$13,401,425	\$1,484,783	\$3,222,427	\$3,366,187	\$16,623,852	\$4,850,970
Other liabilities	<u>\$3,451,268</u>	<u>\$3,953,297</u>	<u>\$61,899</u>	<u>\$73,710</u>	<u>\$3,513,167</u>	<u>\$4,027,007</u>
Total liabilities	<u>\$16,852,693</u>	<u>\$5,438,080</u>	<u>\$3,284,326</u>	<u>\$3,439,897</u>	<u>\$20,137,019</u>	<u>\$8,877,977</u>
<u>Net assets</u>						
Invested in capital assets, net of related debt	\$4,619,324	\$14,588,456	\$11,001,715	\$10,164,608	\$15,621,039	\$24,753,064
Restricted	\$13,476,070	\$209,375	\$1,086,077	\$1,066,486	\$14,562,147	\$1,275,861
Unrestricted	<u>\$3,963,726</u>	<u>\$5,521,914</u>	<u>(\$172,501)</u>	<u>(\$75,167)</u>	<u>\$3,791,225</u>	<u>\$5,446,747</u>
Total net assets	<u>\$22,059,120</u>	<u>\$20,319,745</u>	<u>\$11,915,291</u>	<u>\$11,155,927</u>	<u>\$33,974,411</u>	<u>\$31,475,672</u>

At the end of the current fiscal year, the City was able to report positive balances in all three categories of net assets for the government as a whole, as well as for separate governmental activities and business-type activities.

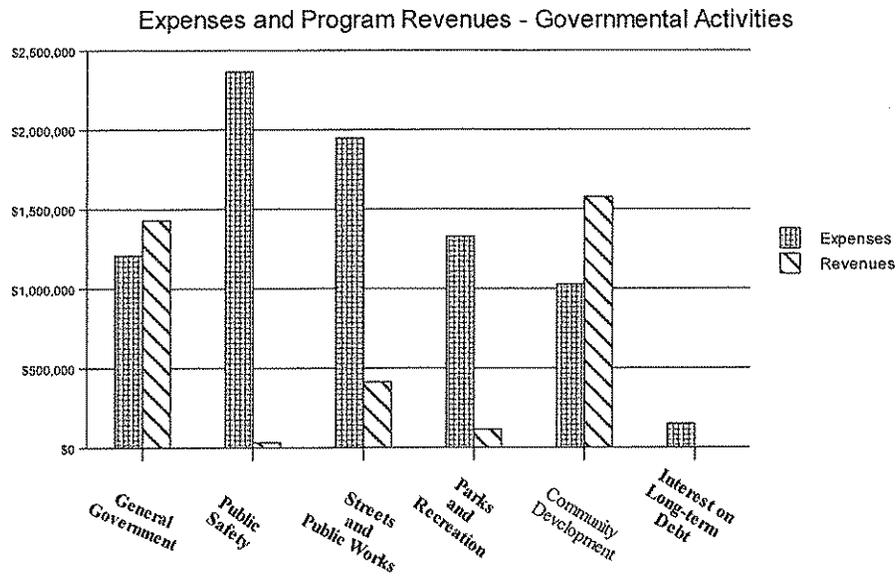
## Centerville City Change in Net Assets

	Governmental Activities 2009	Governmental Activities 2008	Business-type Activities 2009	Business-type Activities 2008	Total 2009	Total 2008
<b>Revenues</b>						
<u>Program revenues</u>						
Charges for services	\$1,838,876	\$2,044,395	\$2,820,677	\$3,474,704	\$4,643,524	\$5,519,099
Operating grants and contributions	\$32,287	\$89,310			\$32,287	\$89,310
Capital grants and contributions	\$1,701,527	\$186,500			\$1,701,527	\$186,500
<u>General revenue</u>						
Property tax and uniform vehicle fees	\$1,933,965	\$1,790,943			\$1,933,965	\$1,790,943
Other taxes	\$4,544,104	\$4,718,179			\$4,544,104	\$4,718,179
Other	\$271,588	\$397,800	\$27,941	\$89,544	\$299,529	\$487,344
Total revenue	<u>\$10,322,338</u>	<u>\$9,227,127</u>	<u>\$2,848,618</u>	<u>\$3,564,248</u>	<u>\$13,154,936</u>	<u>\$12,791,375</u>
<b>Expenses</b>						
General government	\$1,209,582	\$1,448,978			\$1,209,582	\$1,448,978
Public Safety	\$2,366,183	\$2,613,890			\$2,366,183	\$2,613,890
Streets and public works	\$1,948,185	\$1,715,647			\$1,948,185	\$1,715,647
Parks and recreation	\$1,330,148	\$1,154,243			\$1,330,148	\$1,154,243
Community development	\$1,026,745	\$756,662			\$1,026,745	\$756,662
Interest on long-term debt	\$152,369	\$85,852			\$152,369	\$85,852
Water			\$1,601,430	\$1,765,049	\$1,601,430	\$1,765,049
Sanitation			\$655,091	\$649,850	\$655,091	\$649,850
Storm drain			\$382,484	\$475,445	\$382,484	\$475,445
Total expenses	<u>\$8,033,212</u>	<u>\$7,775,272</u>	<u>\$2,639,005</u>	<u>\$2,890,344</u>	<u>\$10,672,217</u>	<u>\$10,665,617</u>
Increase in net assets before transfers	\$2,289,126	\$1,451,855	\$209,613	\$673,904	\$2,498,739	\$2,125,759
Transfers	(\$549,751)	\$49,215	\$549,751	(\$49,215)		
Increase (decrease) in net assets	<u>\$1,723,335</u>	<u>\$1,501,070</u>	<u>\$759,364</u>	<u>\$624,689</u>	<u>\$2,482,719</u>	<u>\$2,125,759</u>
Net assets, beginning	<u>\$20,319,745</u>	<u>\$18,818,675</u>	<u>\$11,155,927</u>	<u>\$10,531,238</u>	<u>\$31,475,672</u>	<u>\$29,349,913</u>
Net assets, ending	<u>\$22,059,120</u>	<u>\$20,319,745</u>	<u>\$11,915,291</u>	<u>\$11,155,927</u>	<u>\$33,974,411</u>	<u>\$31,475,672</u>

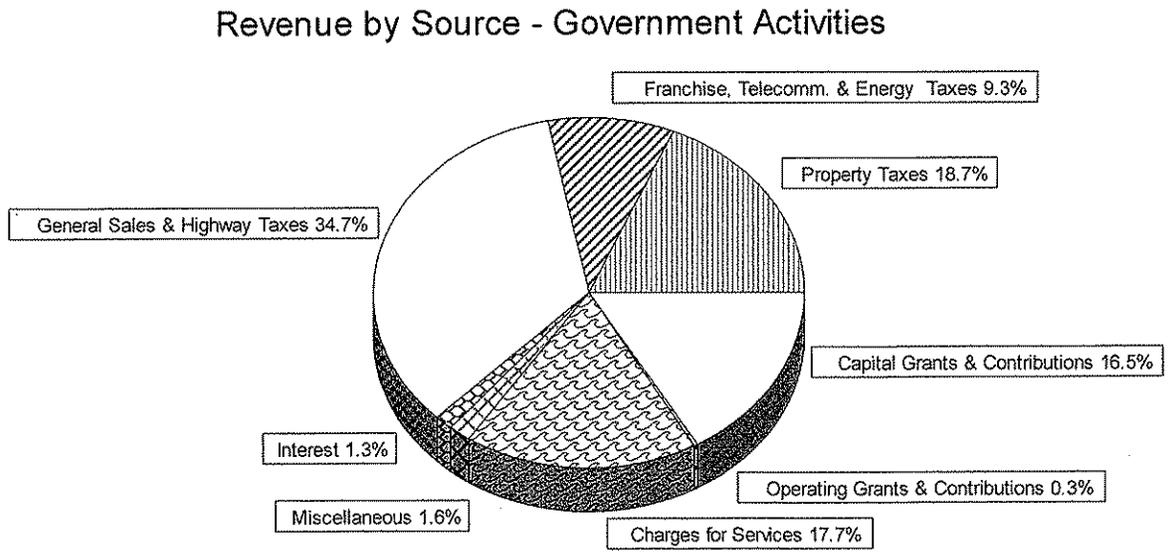
### Governmental Activities

As noted in the table above, governmental activities increased net assets by \$1,723,335. The primary reason for the increase in net assets is the investment in infrastructure during this period.

The following chart displays the governmental activities expenses compared to the program revenues attributed to the activity. Traditionally, governmental activities are funded by general revenue sources and not charges for direct services.



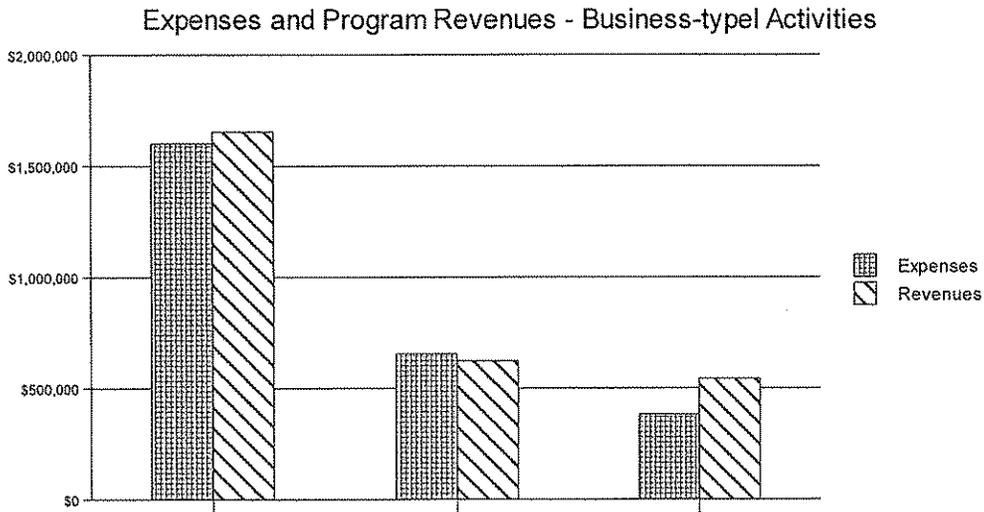
The following chart displays the major sources of governmental activity revenue. Taxes account for 62.70% of revenue that funds governmental activity in the current period.



Business-type activities

As noted in the table "Centerville City Changes in Net Assets" business-type activities increased net assets of \$759,364.

The following chart displays business-type activities compared to program expenses attributed to the activity. Traditionally business-type activities are self supporting.



Business-type activities are generally funded by charges for services, 100% of the revenues for business-type activities comes from charges for services. During the current reporting period charges for services more than funded expenses by a net \$181,672.

**Financial Analysis of the Governments Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

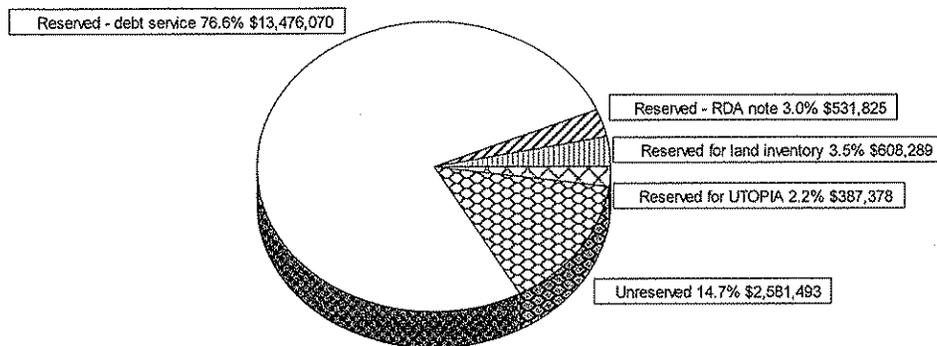
Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance is a useful measure of the government's net resources available for spending at the end of the fiscal year.

At June 30, 2009, the City's governmental funds reported a combined ending fund balance of \$17,585,055 an increase of \$11,505,416 or approximately 289% over the prior period. Approximately 78% of the total amount, or \$13,476,070, is Reserved for Debt Service or Construction. \$2,581,493 is unreserved, or 15%, which is available for spending at the government's discretion. This is a decrease of \$1,673,458 from the prior period. The decrease is due in part from the overall decrease in fund balances in the capital projects funds of \$793,238. The RDA saw a decrease in unreserved fund balance of \$575,187. The decrease was incurred from the deposit of funds for construction of the Cultural Arts Center. The reserved fund balance of \$15,003,562 is not available for new spending as it has already been committed for a specific purpose or is unavailable for government operations.

The following chart depicts the governmental fund reserved and unreserved fund balances.

Governmental Funds - Reserved/Unreserved Fund Balances



The general fund is the primary operating fund of the City. At June 30, 2009, unreserved fund balance of the general fund was \$1,211,929 a decrease of \$329,254. The total general fund balance was \$2,131,132. Total fund balance decreased by \$417,075 from the prior period. A comparison of the unreserved fund balance and the total fund balance to total fund expenditures is a measure of liquidity. Unreserved fund balance is equal to 14.50% of total general fund expenditures for the next fiscal year and total fund balance is equal to 25.49% of total general fund expenditures for the next fiscal year. The general fund has reserved fund balances for two purposes Reserved for UTOPIA, \$387,378 and the Reserved for RDA note, \$531,825 which was reduced by \$87,821 as the RDA made a principal payment in that amount, and an interest payment on the note during the period. The poor economy resulting in decreased sales tax revenue the main reason for the decrease in fund balance. The City had anticipated use of fund balance during the period of \$266,000.

The Redevelopment Agency fund one of the other major governmental funds, had unreserved fund balance of \$758,791 while the total fund balance was \$1,367,080. The unreserved fund balance decreased by \$575,187. The RDA budget anticipated a reduction of \$458,500, for expenditures related to the Cultural Art Center. The additional reduction of fund balance was due to the large transfer of funds for the Cultural Art Center project.

The Arts Center capital project fund is a new fund that is considered as a major governmental fund. This fund has been established for the construction of the Davis Cultural Arts Center. The project is funded by a Sales Tax revenue bond issued by Centerville City and contributions from the RDA and Davis County. This fund had a reserved fund balance of \$13,270,870.

Other Governmental funds had a net decrease in fund balances, of \$773,192. This was primarily due to the decreases in fund capital project fund balance of 793,238, including the Parks Capital projects fund which was considered a major fund in past years.

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Water fund

Total net assets equaled \$9,269,359 at June 30, 2009. Total change in net assets decreased by a nominal amount \$3,052.

Drainage Utility

Total net assets at June 30, 2009 were \$2,436,348. Total net assets increased by 48.07% or \$790,950. The increase is due to normal operations and investment in capital assets.

Other proprietary

Other non-major proprietary funds, Sanitation, net assets totaled \$209,584 a decrease of \$28,534 or 11.98%, at June 30, 2009. The decrease in net assets was from normal operations during the year, which was anticipated. This fund is intended to fund operations, and balances are intended to be drawn upon for normal operations.

General fund budgetary highlights

During the fiscal year the general fund budget expenditures were amended from \$8,412,084 (\$7,857,770 expenditures and \$554,314 transfers out) to \$8,782,742 which includes \$7,984,849 expenditures and \$797,893 transfers out. This reflects an increase of \$370,658 or 4.41%.

Budget amendments in general operating expenditures netted a \$127,079 increase, or 1.62%. Significant amendments were: Municipal council decrease \$(21,704), decrease for fire services \$(26,291), increases in; streets and public works \$30,947, public safety \$64,385, and parks and recreation \$31,096.

Increases were funded by use of unreserved fund balance.

Total revenues had a negative variance between final amended budget to actual of \$1,216,546. The most significant category with a negative variance is taxes. This was due in part to RAP tax revenues of \$350,000 that were budgeted for in the general fund but revenues received were recognized in the RDA. Sales tax revenues were the most significant category, that had a budget deficiency of over \$600,000.

Revenue categories that had variances between the final amended budget and actual; Licenses and Permits \$23,223 -7.57% was due to permits and charges for development in the City such as building permits and engineering fees. Intergovernmental revenues \$35,200, -5.07% from less Class C road funds than budgeted. Charges for services \$31,520, -18.5%, due to development related fees. Fines and Forfeiture exceeded the final budget by \$28,747 or 105.27%. Fine revenue has been increasing steadily over the last number of years, but revenues in this period exceeded expectations.

No expenditure categories had a negative variance from final budget to actual. All categories combined had a variance of 7.05%. Expenditures including transfers, exceeded sources of funds by \$433,095, \$167,095 more than anticipated by the budget. Operating expenditures, not including transfers, increased from the prior period by \$157,207 from the prior period. Transfer out to other funds decreased significantly, \$(498,106), from the prior period due to the reduced amount allocated for capital projects.

### *Capital Assets and Debt Administration*

Centerville City's investment in capital assets for governmental and business-type activities at June 30, 2009 was \$31,768,342 (net of depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, autos and trucks, furniture and fixtures. The City's total investment in capital assets increased by \$2,532,278 or 8.66%. Governmental activities increased capital assets (net of depreciation) \$1,882,171 or 11.97% , to \$17,612,627 of total assets (net of depreciation). Business type activities increased capital assets (net of depreciation) \$650,107 or 4.81%.

Major capital asset events during the current year were:

- 1) The significant increase to governmental activities (before depreciation); Construction in progress \$1,316,750 including the City Hall addition and the Davis Cultural Arts Center; investment in infrastructure, \$339,252; machinery and equipment \$251,456; and Autos and trucks \$349,636.
- 2) Investment of business type activities in water distribution systems and sub-drain systems increased by the amount of \$933,860 (prior to depreciation). Machinery and equipment increased by \$143,369 (prior to depreciation).

**Centerville City Capital Assets**  
**(Net of depreciation)**

	Governmental	Governmental	Business-Type	Business-Type	Total	Total
	Activities	Activities	Activities	Activities		
	2009	2008	2009	2008	2009	2008
Land	\$6,042,694	\$5,714,687	\$177,122	\$177,122	\$6,219,816	\$5,891,809
Buildings	\$3,358,174	\$3,472,902	\$1,906,783	\$1,956,434	\$5,264,957	\$5,429,336
Improvements other than buildings	\$6,378	\$7,196	\$48,617	\$48,617	\$54,995	\$55,813
Machinery & equipment	\$560,519	\$440,753	\$380,408	\$285,167	\$940,927	\$725,920
Distribution & collection systems	\$0	\$0	\$11,642,785	\$10,988,732	\$11,642,785	\$10,988,732
Autos & trucks	\$913,686	\$755,628	\$0	\$0	\$913,686	\$755,628
Infrastructure	\$5,340,309	\$5,106,684	\$0	\$0	\$5,340,309	\$5,106,684
Furniture & fixtures	\$74,117	\$80,378	\$0	\$0	\$74,117	\$80,378
Construction in Process	\$1,316,750	\$152,228	\$0	\$49,536	\$1,316,750	\$201,764
<b>Total</b>	<b>\$17,612,627</b>	<b>\$15,730,456</b>	<b>\$14,155,715</b>	<b>\$13,505,608</b>	<b>\$31,768,342</b>	<b>\$29,236,064</b>

Additional information on the City's capital assets is available in the Detailed Notes for All Funds to the financial statements (see notes to Financial Statements, Capital Assets).

*Long term debt*

On June 30, 2009, the long term outstanding bonds payable of the City was \$15,464,000. None of this amount is considered general obligation debt. This is a significant increase from the prior year due to the issuance of the \$11,655,000 sales tax revenue bond. All of the debt is considered revenue bonds (\$12,310,000 governmental activities and \$3,154,000 business-type activities). For additional information on the City's long term debt, refer to the Detailed Notes for All Funds to the financial statements.

**Centerville City Outstanding Long Term Debt**

	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities		
	2009	2008	2009	2008	2009	2008
Compensated Absences	\$408,122	\$343,000	\$68,427	\$35,000	\$476,549	\$378,000
Note Payable	\$208,000	\$312,000	\$0	\$0	\$208,000	\$208,000
Revenue bonds	\$12,785,303	\$830,000	\$3,154,000	\$3,341,000	\$15,939,303	\$4,171,000
<b>Total</b>	<b>\$13,401,425</b>	<b>\$1,485,000</b>	<b>\$3,222,427</b>	<b>\$3,376,000</b>	<b>\$16,623,852</b>	<b>\$4,861,000</b>

Additional information on the City's capital assets is available in the Detailed Notes for All Funds to the financial statements (see notes to Financial Statements, Changes in Long-Term Liabilities).

*Economic Factors and Next Year's Budget and Rates*

1. At the time the budget was adopted for the fiscal year ending June 30, 2009, the Utah and local economy was relatively strong. Major downturn in the national economy and struggles in the financial markets, have affected the economy in the State of Utah. This has resulted in a considerable impact on the City revenues, in particular sales tax revenues. Unemployment has increased to 6.3%. The construction and construction related industries are affected the most. The struggling national and state economy is expected to begin to rebound in 2010 . Housing construction has slowed significantly in the State, and is struggling to rebound. Commercial construction has also slowed significantly.
  
2. Sales taxes are the largest single source of revenue for governmental operations of the City. Revenue from retail sales are expected to remain flat or experience more moderate decreases in 2009-2010. The new retail space enhanced the City's sales tax base. The City has actually faired better in the economic downturn than the most of the State. The City has completed a master plan of several hundred acres on its west side. Preliminary plans are contemplating light industrial and commercial offices. This area has the potential to be a major employment center for the region, with this area will benefit from the completion of the Legacy Parkway in the fall of 2008. There is also a proposed mixed use development near the Legacy highway commencing in the spring of 2010.
  
3. No new fees or tax increases are included in the fiscal year 2009-2010 budget. There are also no major operating cost increases anticipated in the coming year.
  
4. The largest project to be completed in the coming year is a 63,000 square foot performing arts center. This project will be undertaken by the RDA, funded from a sales tax revenue bond, repaid partially from tax increment generated by the Parrish Lane Gateway Redevelopment project area, RAP (recreation, arts & parks) taxes from Centerville and the neighboring City of Bountiful and contributions from Davis County. The facility is anticipated to be completed in the fall of 2010, at an anticipated cost of \$14,000,000.

*Request for Information*

This financial report is designed to provide a general overview of Centerville City's activities for those with an interest in the City's operations and financial position. Questions concerning the information provided in this report or requests for additional financial information should be addressed to: Centerville City, Finance Director, 250 North Main Centerville, Utah 84014.

**CENTERVILLE CITY CORPORATION**  
**Statement of Net Assets**  
**June 30, 2009**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 2,677,153	\$ 854,535	\$ 3,531,688
Receivables:			
Property and other taxes	2,385,853	-	2,385,853
Accounts	48,769	250,697	299,466
Prepays and other	4,821	32,355	37,176
Internal balances	1,248,237	(1,248,237)	-
Due from other governments	99,443	-	99,443
Bond issuance costs	346,604	68,475	415,079
Restricted assets:			
Cash and cash equivalents	13,877,828	1,086,077	14,963,905
Special assessment receivables	2,189	-	2,189
Land held for resale	608,289	-	608,289
Water stock and rights	-	48,617	48,617
Land	6,042,694	177,122	6,219,816
Buildings	4,834,793	2,373,680	7,208,473
Improvements other than buildings	62,283	984,857	1,047,140
Machinery and equipment	1,428,939	1,326,027	2,754,966
Distribution and collection systems	-	13,947,579	13,947,579
Autos and trucks	2,029,571	-	2,029,571
Furniture and fixtures	97,723	-	97,723
Infrastructure	5,619,666	-	5,619,666
Construction in progress	1,316,750	-	1,316,750
Accumulated depreciation	(3,819,792)	(4,702,167)	(8,521,959)
<b>Total assets</b>	<b>38,911,813</b>	<b>15,199,617</b>	<b>54,111,430</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	745,845	-	745,845
Accrued interest payable	83,741	51,579	135,320
Accrued liabilities	230,425	2,567	232,992
Unearned revenue	1,854,513	-	1,854,513
Deposits and bonds held	536,744	7,753	544,497
Non-current liabilities:			
Due within one year	1,780,101	225,881	2,005,982
Due in more than one year	11,621,324	2,996,546	14,617,870
<b>Total liabilities</b>	<b>16,852,693</b>	<b>3,284,326</b>	<b>20,137,019</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of debt	4,619,324	11,001,715	15,621,039
Restricted for			
Debt service and construction	13,476,070	1,086,077	14,562,147
Unrestricted	3,963,726	(172,501)	3,791,225
<b>Total net assets</b>	<b>\$ 22,059,120</b>	<b>\$ 11,915,291</b>	<b>\$ 33,974,411</b>

The accompanying notes are an integral part of this financial statement.

**CENTERVILLE CITY CORPORATION**  
**Statement of Activities**  
**For the Year Ended June 30, 2009**

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 1,209,582	\$ 1,447,637	\$ -	\$ -	\$ 238,055	\$ -	\$ 238,055
2,366,183	-	32,287	-	(2,333,896)	-	(2,333,896)
1,948,185	8,009	-	407,500	(1,532,676)	-	(1,532,676)
1,330,148	99,694	-	-	(1,230,454)	-	(1,230,454)
1,026,745	283,527	-	1,294,027	550,809	-	550,809
152,369	-	-	-	(152,369)	-	(152,369)
8,033,212	1,838,867	32,287	1,701,527	(4,460,531)	-	(4,460,531)
1,601,430	1,654,905	-	-	\$ -	\$ 53,475	\$ 53,475
655,091	623,054	-	-	-	(32,037)	(32,037)
382,484	542,718	-	-	-	160,234	160,234
2,639,005	2,820,677	-	-	-	181,672	181,672

GOVERNMENTAL ACTIVITIES

General government  
Public safety  
Streets and public works  
Parks and recreation  
Community development  
Interest on long-term debt  
Total governmental activities

BUSINESS-TYPE ACTIVITIES

Water  
Sanitation  
Storm drain  
Total business-type activities

<u>GENERAL REVENUES AND TRANSFERS</u>	
General Revenues:	
Taxes:	
Property taxes	1,933,965
Franchise taxes	964,201
General sales taxes and highway sales taxes	3,579,903
Loss on sale of capital assets	(20,408)
Interest income	129,251
Miscellaneous	162,745
Transfers, net	(549,751)
Total general revenues and transfers	6,199,906
Change in net assets	1,739,375
Net assets - beginning	20,319,745
Net assets - ending	22,059,120
	\$ 11,915,291
	\$ 33,974,411

The accompanying notes are an integral part of this financial statement.

**CENTERVILLE CITY CORPORATION**  
**Balance Sheets – Governmental Funds**  
**June 30, 2009**

	General	Special Revenue		Other Governmental	Totals Governmental Funds
		Redevelopment Agency	Arts Center		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 805,645	\$ 1,249,332	\$ -	\$ 622,176	\$ 2,677,153
Receivables:					
Sales, property and franchise taxes	1,454,544	931,309	-	-	2,385,853
Accounts	48,769	-	-	-	48,769
Class C road funds	99,443	-	-	-	99,443
Due from other funds	1,276,209	-	-	-	1,276,209
Prepaid and other	4,821	-	-	-	4,821
Note receivable - interfund	531,825	-	-	-	531,825
Land held for resale	-	608,289	-	-	608,289
Restricted assets:					
Cash and cash equivalents	387,378	-	13,270,870	219,580	13,877,828
Special assessments receivables	-	-	-	2,189	2,189
Total assets	<u>\$ 4,608,634</u>	<u>\$ 2,788,930</u>	<u>\$ 13,270,870</u>	<u>\$ 843,945</u>	<u>\$ 21,512,379</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts payable	\$ 745,845	\$ -	\$ -	\$ -	\$ 745,845
Accrued liabilities	230,425	-	-	-	230,425
Payable from restricted assets:					
Deferred revenue	76,399	-	-	-	76,399
Deferred revenue - property taxes	888,089	890,025	-	-	1,778,114
Due to other funds	-	-	-	27,972	27,972
Deposits/bonds held	536,744	-	-	-	536,744
Note payable - interfund	-	531,825	-	-	531,825
Total liabilities	<u>2,477,502</u>	<u>1,421,850</u>	<u>-</u>	<u>27,972</u>	<u>3,927,324</u>
Fund balances					
Reserved:					
Reserved for UTOPIA	387,378	-	-	-	387,378
Reserved for land inventory	-	608,289	-	-	608,289
Reserved for RDA note	531,825	-	-	-	531,825
Reserved for debt service and construction	-	-	13,270,870	205,200	13,476,070
Unreserved reported in:					
General fund	1,211,929	-	-	-	1,211,929
Redevelopment Agency fund	-	758,791	-	-	758,791
Special revenue funds	-	-	-	46,802	46,802
Capital projects funds	-	-	-	563,971	563,971
Total fund balances	<u>2,131,132</u>	<u>1,367,080</u>	<u>13,270,870</u>	<u>815,973</u>	<u>17,585,055</u>
Total liabilities and fund balances	<u>\$ 4,608,634</u>	<u>\$ 2,788,930</u>	<u>\$ 13,270,870</u>	<u>\$ 843,945</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	17,612,627
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	346,604
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(13,485,166)</u>
Net assets of governmental activities	<u>\$ 22,059,120</u>

The accompanying notes are an integral part of this financial statement.

**CENTERVILLE CITY CORPORATION**  
**Statement of Revenues, Expenditures, and Change in Fund Balances – Governmental Funds**  
**For the Year Ended June 30, 2009**

	Special Revenue			Other Governmental	Total Governmental Funds
	General	Redevelopment Agency	Arts Center		
<b>REVENUES</b>					
Taxes	\$ 4,803,445	\$ 1,227,911	\$ -	\$ -	\$ 6,031,356
Special assessments	-	-	-	8,009	8,009
Licenses and permits	283,527	-	-	-	283,527
Intergovernmental	614,000	1,159,027	-	-	1,773,027
Charges for services	138,355	-	-	391,329	529,684
Fines and forfeitures	573,747	-	-	-	573,747
Charges for services - other funds	503,900	-	-	-	503,900
Interest	90,113	4,378	7,433	27,327	129,251
Miscellaneous	152,609	-	-	10,136	162,745
<b>Total revenues</b>	<b>7,159,696</b>	<b>2,391,316</b>	<b>7,433</b>	<b>436,801</b>	<b>9,995,246</b>
<b>EXPENDITURES</b>					
Current operating:					
General government	1,350,747	52	-	1,256	1,352,055
Public safety	2,749,920	-	-	-	2,749,920
Streets and public works	1,930,929	-	-	-	1,930,929
Community development	383,636	789,313	-	-	1,172,949
Parks and recreation	1,043,428	-	-	238,504	1,281,932
Capital outlay	-	-	895,542	315,035	1,210,577
Debt service:					
Principal retirement	-	-	-	288,154	288,154
Interest and fiscal charges	-	37,179	-	51,818	88,997
<b>Total expenditures</b>	<b>7,458,660</b>	<b>826,544</b>	<b>895,542</b>	<b>894,767</b>	<b>10,075,513</b>
Excess (deficiency) of revenues over expenditures	(298,964)	1,564,772	(888,109)	(457,966)	(80,267)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of bonds	-	-	12,130,303	-	12,130,303
Transfers in	131,391	51,601	2,028,676	527,469	2,739,137
Sale of capital assets	28,631	-	-	-	28,631
Transfers out	(278,133)	(2,191,560)	-	(842,695)	(3,312,388)
<b>Total other financing sources (uses)</b>	<b>(118,111)</b>	<b>(2,139,959)</b>	<b>14,158,979</b>	<b>(315,226)</b>	<b>11,585,683</b>
<b>Net change in fund balance</b>	<b>(417,075)</b>	<b>(575,187)</b>	<b>13,270,870</b>	<b>(773,192)</b>	<b>11,505,416</b>
Fund balance - beginning of year	2,548,207	1,942,267	-	1,589,165	6,079,639
<b>Fund balance - end of year</b>	<b>\$ 2,131,132</b>	<b>\$ 1,367,080</b>	<b>\$ 13,270,870</b>	<b>\$ 815,973</b>	<b>\$ 17,585,055</b>

The accompanying notes are an integral part of this financial statement.

**CENTERVILLE CITY CORPORATION**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds To the Statement of Activities**  
**For the Year Ended June 30, 2009**

Amounts reported for governmental activities in the statement of activities (page 26) are different because:

Net change in fund balances - total governmental funds (page 28)	\$ 11,505,416
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation in the current period.	\$ 1,931,210
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while there payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(11,648,212)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(49,039)
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Change in net assets of governmental activities (page 26)	<u>\$ 1,739,375</u>
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The accompanying notes are an integral part of this financial statement.

**CENTERVILLE CITY CORPORATION**  
**Statement of Revenues, Expenditures, and Change in Fund Balances –**  
**Budget to Actual – General Fund**  
**For the Year Ended June 30, 2009**

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<b><u>REVENUES</u></b>				
Taxes	\$ 5,913,411	\$ 5,913,411	\$ 4,803,445	\$ (1,109,966)
Licenses and permits	306,750	306,750	283,527	(23,223)
Intergovernmental	649,200	649,200	614,000	(35,200)
Charges for services	169,875	169,875	138,355	(31,520)
Fines and forfeitures	545,000	545,000	573,747	28,747
Charges for services - other funds	503,900	503,900	503,900	-
Interest	213,500	213,500	90,113	(123,387)
Miscellaneous	74,606	74,606	152,609	78,003
Total revenues	<u>8,376,242</u>	<u>8,376,242</u>	<u>7,159,696</u>	<u>(1,216,546)</u>
<b><u>EXPENDITURES</u></b>				
Current operating:				
General government:				
Administration	399,063	414,021	402,345	11,676
Municipal council	191,245	169,541	109,067	60,474
Finance	458,302	470,953	468,864	2,089
Legal	386,830	394,555	370,471	24,084
Total general government	<u>1,435,440</u>	<u>1,449,070</u>	<u>1,350,747</u>	<u>98,323</u>
Fire	704,000	677,709	677,708	1
Public safety	2,111,214	2,175,599	2,072,212	103,387
Streets and public works	2,158,053	2,189,000	1,930,929	258,071
Community development	421,765	435,077	383,636	51,441
Parks and recreation	1,027,298	1,058,394	1,043,428	14,966
Total expenditures	<u>7,857,770</u>	<u>7,984,849</u>	<u>7,458,660</u>	<u>526,189</u>
Excess (deficiency) of revenues over expenditures	518,472	391,393	(298,964)	(690,357)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	77,000	77,000	131,391	54,391
Transfers out	(554,314)	(797,893)	(278,133)	519,760
Sale of capital assets	63,500	63,500	28,631	(34,869)
Total other financing sources (uses)	<u>(413,814)</u>	<u>(657,393)</u>	<u>(118,111)</u>	<u>539,282</u>
Net change in fund balance	104,658	(266,000)	(417,075)	(151,075)
Fund balance - beginning of year	2,548,207	2,548,207	2,548,207	-
Fund balance - end of year	<u>\$ 2,652,865</u>	<u>\$ 2,282,207</u>	<u>\$ 2,131,132</u>	<u>\$ (151,075)</u>

The accompanying notes are an integral part of this financial statement.

**CENTERVILLE CITY CORPORATION**  
**Statement of Revenues, Expenditures, and Change in Fund Balances –**  
**Budget to Actual – Redevelopment Agency Special Revenue Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<b><u>REVENUES</u></b>				
Taxes	\$ 1,105,000	\$ 1,105,000	\$ 1,227,911	\$ 122,911
Intergovernmental	328,500	328,500	1,159,027	830,527
Interest	-	-	4,378	4,378
	<u>1,433,500</u>	<u>1,433,500</u>	<u>2,391,316</u>	<u>957,816</u>
<b><u>EXPENDITURES</u></b>				
Current operating:				
General government	500	500	52	448
Community development	849,500	849,500	789,313	60,187
Debt service:				
Interest and fiscal charges	125,000	125,000	37,179	87,821
	<u>975,000</u>	<u>975,000</u>	<u>826,544</u>	<u>148,456</u>
Excess (deficiency) of revenues over expenditures	<u>458,500</u>	<u>458,500</u>	<u>1,564,772</u>	<u>1,106,272</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	315,000	315,000	51,601	(263,399)
Transfers out	(773,500)	(773,500)	(2,191,560)	(1,418,060)
	<u>(458,500)</u>	<u>(458,500)</u>	<u>(2,139,959)</u>	<u>(1,681,459)</u>
Net change in fund balance	-	-	(575,187)	(575,187)
Fund balance - beginning of year	<u>1,942,267</u>	<u>1,942,267</u>	<u>1,942,267</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,942,267</u>	<u>\$ 1,942,267</u>	<u>\$ 1,367,080</u>	<u>\$ (575,187)</u>

The accompanying notes are an integral part of this financial statement.

**CENTERVILLE CITY CORPORATION**  
**Statement of Revenues, Expenditures, and Change in Fund Balances –**  
**Budget to Actual – Arts Center Special Revenue Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<b><u>REVENUES</u></b>				
Interest	\$ -	\$ 8,000	\$ 7,433	\$ (567)
Total revenues	-	8,000	7,433	(567)
<b><u>EXPENDITURES</u></b>				
Capital outlay	-	2,911,125	895,542	2,015,583
Total expenditures	-	2,911,125	895,542	2,015,583
Excess (deficiency) of revenues over expenditures	-	(2,903,125)	(888,109)	2,015,016
<b><u>OTHER FINANCING SOURCES</u></b>				
Proceeds from issuance of bonds	-	12,000,000	12,130,303	130,303
Transfers in	-	-	2,028,676	2,028,676
Total other financing sources	-	12,000,000	14,158,979	2,158,979
Net change in fund balance	-	9,096,875	13,270,870	4,173,995
Fund balance - beginning of year	-	-	-	-
Fund balance - end of year	\$ -	\$ 9,096,875	\$ 13,270,870	\$ 4,173,995

The accompanying notes are an integral part of this financial statement.

**CENTERVILLE CITY CORPORATION**  
**Statement of Net Assets – Proprietary Funds**  
**June 30, 2009**

	Water Fund	Drainage Utility Fund	Other Proprietary Fund - Sanitation	Total Proprietary Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 555,973	\$ 188,938	\$ 109,624	\$ 854,535
Receivables:				
Accounts receivable, net	123,876	50,443	53,979	228,298
Unbilled receivables	22,399	-	-	22,399
Prepaid and other	32,355	-	-	32,355
Due from other funds	158,474	-	-	158,474
Total current assets	<u>893,077</u>	<u>239,381</u>	<u>163,603</u>	<u>1,296,061</u>
Noncurrent assets:				
Other assets:				
Restricted cash	474,975	611,102	-	1,086,077
Unamortized bond issuance costs	39,937	28,538	-	68,475
Total other assets	<u>514,912</u>	<u>639,640</u>	<u>-</u>	<u>1,154,552</u>
Property, plant and equipment				
Water stock and rights	48,617	-	-	48,617
Land	177,122	-	-	177,122
Reservoirs	984,857	-	-	984,857
Water distribution system	11,006,948	-	-	11,006,948
Buildings and wells	2,373,680	-	-	2,373,680
Machinery and equipment	734,636	152,338	439,053	1,326,027
Sub-drain system	-	1,740,244	-	1,740,244
Storm drain system	-	1,200,387	-	1,200,387
Accumulated depreciation	(4,091,780)	(225,068)	(385,319)	(4,702,167)
Net property, plant and equipment	<u>11,234,080</u>	<u>2,867,901</u>	<u>53,734</u>	<u>14,155,715</u>
Total noncurrent assets	<u>11,748,992</u>	<u>3,507,541</u>	<u>53,734</u>	<u>15,310,267</u>
Total Assets	<u><u>12,642,069</u></u>	<u><u>3,746,922</u></u>	<u><u>217,337</u></u>	<u><u>16,606,328</u></u>
<b>LIABILITIES</b>				
Current liabilities:				
Accrued liabilities	\$ 1,380	\$ -	\$ -	\$ 1,380
Accrued interest payable	23,479	28,100	-	51,579
Compensated absences	20,881	-	-	20,881
Due to other funds	1,248,237	158,474	-	1,406,711
Bonds payable - current	190,000	15,000	-	205,000
Security deposits	-	-	7,753	7,753
Due to subdividers	1,187	-	-	1,187
Total current liabilities	<u>1,485,164</u>	<u>201,574</u>	<u>7,753</u>	<u>1,694,491</u>
Long-term liabilities:				
Bonds payable	1,840,000	1,109,000	-	2,949,000
Compensated absences	47,546	-	-	47,546
Total long-term liabilities	<u>1,887,546</u>	<u>1,109,000</u>	<u>-</u>	<u>2,996,546</u>
Total Liabilities	<u>3,372,710</u>	<u>1,310,574</u>	<u>7,753</u>	<u>4,691,037</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	9,204,080	1,743,901	53,734	11,001,715
Restricted for debt service and development	474,975	611,102	-	1,086,077
Unrestricted	(409,696)	81,345	155,850	(172,501)
Total Net Assets	<u><u>\$ 9,269,359</u></u>	<u><u>\$ 2,436,348</u></u>	<u><u>\$ 209,584</u></u>	<u><u>\$ 11,915,291</u></u>

The accompanying notes are an integral part of this financial statement.

**CENTERVILLE CITY CORPORATION**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds**  
**For the Year Ended June 30, 2009**

	Water Fund	Drainage Utility Fund	Other Proprietary Fund - Sanitation	Total Proprietary Funds
<b><u>OPERATING REVENUES</u></b>				
Charges for services	\$ 1,490,784	\$ 542,718	\$ 615,753	\$ 2,649,255
Connection and servicing	40,863	-	6,720	47,583
Miscellaneous	3,781	-	581	4,362
Total operating revenues	<u>1,535,428</u>	<u>542,718</u>	<u>623,054</u>	<u>2,701,200</u>
<b><u>OPERATING EXPENSES</u></b>				
Salaries and wages	296,752	41,958	-	338,710
Employee benefits	125,201	19,126	-	144,327
Water purchases	67,320	-	-	67,320
Utility costs	92,041	1,164	-	93,205
Maintenance and supplies	255,254	136,358	346	391,958
Tipping fees and contractual services	-	6,715	544,277	550,992
Professional and technical services	21,711	16,719	1,665	40,095
Administration and overhead	343,835	95,051	88,610	527,496
Depreciation	303,598	53,794	20,193	377,585
Total operating expenses	<u>1,505,712</u>	<u>370,885</u>	<u>655,091</u>	<u>2,531,688</u>
Operating income (loss)	<u>29,716</u>	<u>171,833</u>	<u>(32,037)</u>	<u>169,512</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>				
Development and construction fees	119,477	-	-	119,477
Interest revenue	16,973	7,465	3,503	27,941
Interest expense	(95,718)	(11,599)	-	(107,317)
Total non-operating revenues (expenses)	<u>40,732</u>	<u>(4,134)</u>	<u>3,503</u>	<u>40,101</u>
Income before contributions and transfers	70,448	167,699	(28,534)	209,613
Transfers in	-	623,251	-	623,251
Transfers out	(73,500)	-	-	(73,500)
Change in net assets	(3,052)	790,950	(28,534)	759,364
Total net assets, beginning of year	<u>9,272,411</u>	<u>1,645,398</u>	<u>238,118</u>	<u>11,155,927</u>
Total net assets, end of year	<u>\$ 9,269,359</u>	<u>\$ 2,436,348</u>	<u>\$ 209,584</u>	<u>\$ 11,915,291</u>

The accompanying notes are an integral part of this financial statement.

**CENTERVILLE CITY CORPORATION**  
**Statement of Cash Flows – Proprietary Funds**  
**June 30, 2009**

	<u>Water Fund</u>	<u>Drainage Utility Fund</u>	<u>Other Proprietary Fund - Sanitation</u>	<u>Total Proprietary</u>
<u>Cash flows from operating activities</u>				
Cash received from customers (including cash deposits)	\$ 1,547,371	\$ 541,212	\$ 621,040	\$ 2,709,623
Cash paid to suppliers	(780,161)	(256,007)	(634,898)	(1,671,066)
Cash paid to employees	(388,549)	(61,084)	-	(449,633)
Net cash provided (used) by operating activities	<u>378,661</u>	<u>224,121</u>	<u>(13,858)</u>	<u>588,924</u>
<u>Cash flows from non-capital financing activities</u>				
Transfers to other funds	(73,500)	623,251	-	549,751
Increase (decrease) in amounts due to other funds	73,375	-	-	73,375
Net cash provided (used) by non-capital financing activities	<u>(125)</u>	<u>623,251</u>	<u>-</u>	<u>623,126</u>
<u>Cash flow from capital and related financing activities</u>				
Bond payments - principal	(180,000)	(7,000)	-	(187,000)
Bond payments - interest	(97,518)	(11,774)	-	(109,292)
Purchase of capital assets	(370,181)	(692,248)	(14,800)	(1,077,229)
Proceeds from sale of capital assets	49,537	-	-	49,537
Impact fees	119,477	-	-	119,477
Net cash provided (used) by capital and related financing activities	<u>(478,685)</u>	<u>(711,022)</u>	<u>(14,800)</u>	<u>(1,204,507)</u>
<u>Cash flow from investing activities</u>				
Interest earned on investments	16,973	7,465	3,503	27,941
Net cash provided by investing activities	<u>16,973</u>	<u>7,465</u>	<u>3,503</u>	<u>27,941</u>
Net increase (decrease) in cash and cash equivalents	(83,176)	143,815	(25,155)	35,484
Cash and cash equivalents at beginning of year	1,114,124	656,225	134,779	1,905,128
Cash and cash equivalents at end of year	<u>\$ 1,030,948</u>	<u>\$ 800,040</u>	<u>\$ 109,624</u>	<u>\$ 1,940,612</u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>				
Operating income (loss)	\$ 29,716	\$ 171,833	\$ (32,037)	169,512
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	303,598	53,794	20,193	377,585
Decrease (increase) in accounts receivable	11,943	(1,506)	(2,014)	8,423
Increase (decrease) in compensated absences	33,404	-	-	33,404
Total adjustments	<u>348,945</u>	<u>52,288</u>	<u>18,179</u>	<u>419,412</u>
Net cash provided (used) by operating activities	<u>\$ 378,661</u>	<u>\$ 224,121</u>	<u>\$ (13,858)</u>	<u>\$ 588,924</u>

The accompanying notes are an integral part of this financial statement.

**CENTERVILLE CITY CORPORATION**  
**Statement of Net Assets – Fiduciary Fund**  
**June 30, 2009**

	<u>Trust Fund Total</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 5,409</u>
Total assets	<u>5,409</u>
<u>NET ASSETS</u>	
Unrestricted	<u>5,409</u>
Total net assets	<u><u>\$ 5,409</u></u>

The accompanying notes are an integral part of this financial statement.

**CENTERVILLE CITY CORPORATION**  
**Statement of Changes in Net Assets – Fiduciary Fund**  
**For the Year Ended June 30, 2009**

	<b>Trust Fund Total</b>
<u><b>ADDITIONS</b></u>	
Miscellaneous:	
Interest income	\$ 123
Donations	9,685
Transfer in	23,500
Total additions	33,308
 <u><b>DEDUCTIONS</b></u>	
Administrative	32,441
Total deductions	32,441
Change in net assets	867
Net assets - beginning	4,542
Net assets - ending	\$ 5,409

The accompanying notes are an integral part of this financial statement.

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**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The basic financial statements of Centerville City Corporation (the City) have been prepared in conformity with accounting principles (GAAP) generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

The City of Centerville was incorporated in 1915. The City operates under a Mayor/ Council form of government. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). The component units discussed below are included as part of the City's reporting entity as blended component units.

The Centerville City Redevelopment Agency (RDA) was established to prepare and carry out plans to improve, rehabilitate and redevelop blighted areas within the City. The RDA is governed by a board of trustees composed of the City Mayor and members of the City Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The Centerville City Municipal Building Authority (MBA) was established to finance and construct municipal buildings that are then leased to the City. The MBA is governed by a five-member board of trustees composed of the City Council. Although it is a legally separate entity from the City, the MBA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the MBA. The MBA is included in these financial statements as the Municipal Building Authority Special Revenue Fund. Separate financial statements are not issued for the MBA.

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.
- The RDA Special Revenue Fund accounts for redevelopment activities of the City.
- The Arts Center Special Revenue Fund accounts for the construction and related activities of the South Davis Performing Arts Center.

The City reports the following major proprietary funds:

- The Water Fund accounts for the activities of the City's water production, treatment and distribution operations.
- The Drainage Utility Fund accounts for storm drain collection activities in the City.

Additionally, the City reports a fiduciary fund to account for the activities of a pioneer home museum.

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 to the General Fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Assets, Liabilities, and Net Assets or Equity

Cash, Deposits and Investments Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The State Treasurer's Investment Fund operates in accordance with state laws and regulations. The reported value of the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

Receivables and Payables Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". In the Water, Sanitation, and Drainage Utility funds, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2009 were estimated based on July billings and are included in the operating revenues and accounts receivable at year-end.

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity (Continued)

Inventories and Prepaid Items Inventories of materials and supplies in the proprietary funds, consisting principally of materials used in the repair of the transmission, distribution, collection and treatment systems, are valued at cost and accounted for on a first-in, first-out basis (FIFO). Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

As permitted by GASB Statement No. 34, the City has not retroactively recorded infrastructure assets.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10 to 50 years
Infrastructure	20 to 50 years
Machinery and equipment	5 to 7 years
Furniture and fixtures	5 to 10 years
Reservoirs and wells	10 to 50 years

Compensated Absences For governmental funds amounts of vested or accumulated vacation leave and comp time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation leave and comp time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave without limitation. Accumulated vacation and sick leave is paid to employees upon retirement, with a limitation of one third of accumulated hours in excess of 300 hours. Employees that are terminated for reasons other than retirement are not paid for accumulated sick leave.

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity (Continued)

Long-Term Obligations In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Restricted Assets Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service as well as unexpended portions of bonds issued for capital construction purposes.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets**

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant and equipment) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 21,432,419
Accumulated depreciation	<u>(3,819,792)</u>
Total difference	<u>\$ 17,612,627</u>

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(CONTINUED)

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet  
and the Government-Wide Statement of Net Assets (Continued)**

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2009 were:

Sales tax revenue bonds	\$ 11,655,000
Bond issuance premium	475,303
Lease revenue refunding bonds	655,000
Long-term debt - land purchase	208,000
Interest payable on long-term debt	83,741
Compensated absences	<u>408,122</u>
Total difference	<u>\$ 13,485,166</u>

**Explanation of Certain Differences Between Governmental Fund Operating  
Statements and the Statement of Net Activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follow:

Capital outlay and developer contributions	\$ 2,439,106
Depreciation expense	<u>(507,896)</u>
Net difference, as reported	<u>\$ 1,931,210</u>

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Prior to May 1, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the proposed sources of revenues.

Between May 1 and June 22, the City Council reviews and adjusts the proposed budget. On or before June 22, a public hearing is held and the budget is legally adopted through passage of a resolution.

After the budget is adopted, the City Manager may transfer any unencumbered or unexpended appropriation amount from one expenditure account to another within a department. The City Council may, by resolution, transfer any unencumbered or unexpended appropriation amount from one department in a fund to another department within the same fund.

When the City Council determines that an emergency exists, such as widespread damage from fire, flood, or earthquake the City Council may increase the budget of the General Fund by resolution or a public hearing.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. In the General Fund, budgets are adopted at the functional level and budgetary control is exercised at the departmental level. For Special Revenue Funds, budgets are adopted and control is exercised at the level of total expenditures for each individual fund.

Annual budgets for the General Fund, all Special Revenue Funds, all Debt Service Funds, and all Capital Projects Funds were legally adopted by the City and are prepared on the modified-accrual method of accounting.

Encumbrances (commitments related to unperformed purchase orders or contracts for goods or services) are used only as an internal management control device during the year. The City does not have any encumbrances outstanding at year end since appropriations lapse at year end. However, encumbered amounts are generally re-appropriated and honored as part of the following year's budget.

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of actual versus such budgets for governmental funds.

State law requires that departments or funds do not exceed the amounts appropriated in the final adopted budget.

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Tax Revenues

Property taxes are collected by the Davis County Treasurer and remitted to the City in two to three installments in November, December, and January of each fiscal year and a final settlement by March 31st. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of delinquent current and prior year's property taxes beyond that which was received within 60 days after fiscal year end has not been made, as the amounts are not deemed to be material. An accrual for current year property taxes estimated to be collected the following November and December is made each year.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cable television, gas utility, and electric utility companies. The fees are remitted on a monthly, quarterly, semi-annual, or annual basis. An accrual has not been made for fees due and payable to the City at June 30th as the amounts are not deemed to be material.

4. DETAILED NOTES FOR ALL FUNDS

Cash and Investments

Deposits and investments for the City are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the City's exposure to various risks related to its cash management activities.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Council. As of June 30, 2009, \$88,134 of the City's bank balance of \$338,134 was uninsured and uncollateralized.

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The City is authorized to invest in the Utah Public Treasurer's Investment fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participant's average daily balances.

As of June 30, 2009, the City had investments of \$16,517,727 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated. The City also held an investment in U.S. Government securities of \$387,378.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to declines in fair value loss from changes in interest rates is to follow the Money Management Act and only invest in instruments that mature in one year or less. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

The deposits and investments described above are included on the government-wide statement of net assets as follows:

Cash and cash equivalents	\$ 3,531,688
Restricted cash and cash equivalents	<u>14,966,094</u>
	<u><u>\$ 18,497,782</u></u>

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Receivables

Receivables as of the year end for the City's individual major funds and non-major funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	RDA	Water	Drainage Utility	Nonmajor and Other Funds	Total
<b>Receivables:</b>						
Taxes	\$1,454,544	\$ 931,309	\$ -	\$ -	\$ -	\$ 2,385,853
Accounts and other	48,769	-	173,227	52,443	59,979	334,418
Special assessments	-	-	-	-	2,189	2,189
Intergovernmental	99,443	-	-	-	-	99,443
<b>Gross receivables</b>	<b>1,602,756</b>	<b>931,309</b>	<b>173,227</b>	<b>52,443</b>	<b>62,168</b>	<b>2,821,903</b>
<b>Less: allowance for uncollectibles</b>	<b>-</b>	<b>-</b>	<b>(26,952)</b>	<b>(2,000)</b>	<b>(6,000)</b>	<b>(34,952)</b>
<b>Net total receivables</b>	<b>\$1,602,756</b>	<b>\$ 931,309</b>	<b>\$ 146,275</b>	<b>\$ 50,443</b>	<b>\$ 56,168</b>	<b>\$ 2,786,951</b>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the government funds were as follows:

	Unavailable	Unearned
Property taxes receivable (General Fund)	\$ 888,089	\$ -
Property taxes receivable (RDA Fund)	890,025	-
Various prepayments received (General Fund)	-	76,399
<b>Total deferred/unearned revenue for governmental funds</b>	<b>\$1,778,114</b>	<b>\$ 76,399</b>

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>07/01/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/09</u>
<u>Governmental activities</u>				
Capital assets, not depreciated:				
Land	\$ 5,714,687	\$ 328,007	\$ -	\$ 6,042,694
Construction in progress	152,228	1,316,750	(152,228)	1,316,750
Total capital assets, not depreciated	<u>5,866,915</u>	<u>1,644,757</u>	<u>(152,228)</u>	<u>7,359,444</u>
Capital assets, depreciated:				
Buildings	4,828,560	6,233	-	4,834,793
Improvements	62,283	-	-	62,283
Infrastructure	5,280,414	339,252	-	5,619,666
Machinery and equipment	1,242,886	251,456	(65,403)	1,428,939
Autos and trucks	1,895,529	349,636	(215,594)	2,029,571
Furniture and fixtures	97,723	-	-	97,723
Total capital assets, depreciated	<u>13,407,395</u>	<u>946,577</u>	<u>(280,997)</u>	<u>14,072,975</u>
Less: accumulated depreciation:				
Buildings	(1,355,658)	(120,961)	-	(1,476,619)
Improvements	(55,087)	(818)	-	(55,905)
Infrastructure	(173,730)	(105,627)	-	(279,357)
Machinery and equipment	(802,133)	(108,200)	41,913	(868,420)
Autos and trucks	(1,139,901)	(166,029)	190,045	(1,115,885)
Furniture and fixtures	(17,345)	(6,261)	-	(23,606)
Total accumulated depreciation	<u>(3,543,854)</u>	<u>(507,896)</u>	<u>231,958</u>	<u>(3,819,792)</u>
Net governmental capital assets	<u>\$15,730,456</u>	<u>\$ 2,083,438</u>	<u>\$ (201,267)</u>	<u>\$17,612,627</u>

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets (Continued)

	<u>07/01/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/09</u>
<u>Business-type activities</u>				
Capital assets, not depreciated:				
Water stock and rights	\$ 48,617	\$ -	\$ -	\$ 48,617
Land	177,122	-	-	177,122
Construction in progress	49,536	-	(49,536)	-
	<u>275,275</u>	<u>-</u>	<u>(49,536)</u>	<u>225,739</u>
Capital assets, depreciated:				
Reservoirs	984,857	-	-	984,857
Water distribution system	10,704,415	302,533	-	11,006,948
Sub-drain system	1,620,492	119,752	-	1,740,244
Storm drain system	688,812	511,575	-	1,200,387
Buildings and wells	2,373,680	-	-	2,373,680
Machinery and equipment	1,201,967	143,369	(19,309)	1,326,027
	<u>17,574,223</u>	<u>1,077,229</u>	<u>(19,309)</u>	<u>18,632,143</u>
Less: accumulated depreciation:				
Reservoirs	(617,656)	(21,643)	-	(639,299)
Water distribution system	(2,254,077)	(211,944)	-	(2,466,021)
Sub-drain system	(87,944)	(32,416)	-	(120,360)
Storm drain system	(50,167)	(13,804)	-	(63,971)
Buildings and wells	(417,246)	(49,651)	-	(466,897)
Machinery and equipment	(916,800)	(48,127)	19,308	(945,619)
	<u>(4,343,890)</u>	<u>(377,585)</u>	<u>19,308</u>	<u>(4,702,167)</u>
Net business-type capital assets	<u>\$13,505,608</u>	<u>\$ 699,644</u>	<u>\$ (49,537)</u>	<u>\$14,155,715</u>

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets (Continued)

In the government-wide financial statements depreciation was charged as follows by program or activity:

Governmental activities:

General government	\$ 114,836
Public safety	98,877
Highways and public improvements	126,902
Parks, recreation, and public property	164,429
Community development	2,852

Total depreciation expense - governmental activities	\$ 507,896
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Business-type activities:

Water	\$ 303,598
Drainage Utility	53,794
Sanitation	20,193

Total depreciation expense - business-type activities	\$ 377,585
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Interfund Receivable, Payables and Transfers

At June 30, 2009, interfund balances due to or from other funds was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 27,972
General	Water	1,248,237
Water	Drainage Utility	158,474
		\$ 1,434,683

Interfund balances are generally for funds temporarily borrowed from pooled cash.

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Interfund Receivable, Payables and Transfers (Continued)

In addition to the above amounts which will be repaid by the respective funds, transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2009 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ 203,032
General	Redevelopment Agency	51,601
General	Fiduciary Fund	23,500
Redevelopment Agency	Park Improvements Fund	108,493
Redevelopment Agency	Arts Center	2,028,676
Redevelopment Agency	General	54,391
Park Improvements Fund	Nonmajor Governmental Fund	164,600
Nonmajor Governmental Funds	General	77,000
Water	Utility Fund	22,156
Nonmajor Governmental Funds	Utility Fund	601,095
Water	Nonmajor Governmental Fund	51,344
		<u>\$ 3,385,888</u>

Transfers are generally for administrative services provided by governmental funds to proprietary funds, for debt service of governmental funds, and for capital outlay in governmental funds.

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information

Risk Management. The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a member of the Utah Risk Management Mutual Association (URMMA). It is an insurance pool for liability insurance made up of municipalities in the State. Each city pays premiums into a cash reserve fund for possible losses. Payment of the annual premium indemnifies the City for claims that exceed the per occurrence deductible. The policy provides \$10,000,000 of liability coverage per occurrence after a deductible of \$15,000. In the event URMMA becomes insolvent, the City is fully responsible for all claims. The obligation of URMMA to pay damages on behalf of the City applies only to damages in excess of the member "deductibles" and group "self insured retention's" outlined in the Coverage Profile. The member "deductibles" and the group "self-insured retention's" include attorney's fees and all other costs incurred in defending a claim. URMMA purchases umbrella insurance to protect against large claims. URMMA reviews risk management programs and give recommendations and premium discounts to cities that adopt them. The City has adopted various recommendations and receives discounts.

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

Redevelopment Agency In connection with the activities of the Redevelopment Agency (RDA), incremental tax revenues totaling \$966,904 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies. There is \$531,825 outstanding debt of the RDA at June 30, 2009 due to the General Fund.

During the year ended June 30, 2009, funds expended by the RDA were limited to the categories of debt service, capital outlay and administration costs. Administrative costs totaled \$60,000, capital outlay expenditures totaled \$729,365 and debt service payments totaled \$125,000 for the year.

Employee Retirement Systems and Pension Plans The City contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, and the Public Safety Retirement System for Employers with Social Security Coverage (hereafter referred to cumulatively as the Systems), which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). The Systems provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statues.

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information (Continued)

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. URS issues a publicly available financial report that includes financial statements and required supplementary information for the Systems.

A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer for the employee) to the respective systems to which they belong; 6.00% to the Local Government Contributory Retirement System. The City is required to contribute a percent of members' annual covered salary to the respective systems; 7.61% to the Local Government Contributory Retirement System (11.62% to the related Noncontributory Retirement System) and 22.61% to the Public Safety Noncontributory Retirement System for employers with Social Security coverage. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Funding Policy (Continued) The City's contributions in dollars to each of the Systems for the years ending June 30, 2009, 2008 and 2007, were equal to the required contributions for each year. The contribution amounts are as follows:

	2009	2008	2007
Local Governmental Contributory Retirement System	\$ 18,809	\$ 18,357	\$ 16,859
Local Governmental Noncontributory Retirement System	180,895	168,052	146,988
Public Safety Retirements System for Employers with Social Security Coverage	180,974	184,682	179,843

Deferred Compensation Plan Under the URS, the City offers its employees a Deferred Compensation Plan (the Plan) in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death, or emergency. The City's contributions to the 457 Deferred Compensation Plan were \$4,677, \$4,347, and 4,405 for the years ended June 30, 2009, 2008 and 2007, respectively.

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2009**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Defined Contribution Plans The 401(k) plan provided by URS is a multiple-employer defined contribution plan. All employees of the City who participate in the URS contributory, noncontributory, or public safety system are eligible to participate in the plan. Employees are immediately 100 percent vested in their contributions to the plan. Employee contributions to the 401(k) plan and the Deferred Compensation Plan are voluntary. Employer contributions are also voluntary and are intended to standardize the contribution rates for all full time employees participating in the URS. The City's contributions to the 401(k) plan were \$47,527, \$44,527, and \$36,068 for the years ended June 30, 2009, 2008 and 2007 respectively.

The City also provides through a third party administrator, a supplemental defined contribution plan for all full-time employees. The name of the Plan is Centerville City Corporation Money Purchase Pension Plan and Trust. The Plan was established in 1993 for the employees of Centerville City under Section 401(c) of the Internal Revenue Code. The investments of the Plan are administered by Principal Financial Group. The Plan may be amended by Centerville City. The Plan provides for an Advisory Committee, comprised of at least three eligible employees, appointed by the City Council.

Defined Contribution Plans (Continued) The City contributes 3.5% of all wages earned, including overtime, for all eligible employees. Eligible employees must be at least 18 years of age, and complete one year of continuous service. The employee is eligible for enrollment on the next plan entry date (July 1st, October 1st, January 1st and April 1st). The plan year is from July 1, to June 30. The employee is 100% vested after five years of continuous service with the City. Prior to that date the employee has no vested rights in the employer's contributions. If an employee terminates employment prior to vesting, their employer contributions are distributed to all other enrolled employees based on a percentage of total employer investments. Eligible employees may make contributions to the Plan, in an amount not to exceed 10% of annual compensation. However, the employee is not required to make any contributions to be eligible. Employee contributions are accounted for separately from employer contributions.

The eligible payroll for employees covered by the plan for the year ended June 30, 2009 was \$2,489,200. The City's total payroll was \$3,094,590.

The City's required and actual contribution to this plan was \$87,122 for the fiscal year ended June 30, 2009, which represents 3.50% of covered payroll.

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**CENTERVILLE CITY CORPORATION**  
**Combining Balance Sheet – Non-major Governmental Funds**  
**June 30, 2009**

		Special Revenue				Debt Service			
Municipal Building Authority		Recreation	SID 400 West	City Hall Revenue	SID Guarantee	SID Chase Lane	SID Porter Lane	Land Purchase	
\$ 703	\$	46,099	1,502	-	3,640	5,238	1,023		\$ -
-		-	-	219,580	-	-	-		-
-		-	-	-	-	-	2,189		-
\$ 703	\$	46,099	1,502	219,580	3,640	5,238	3,212		\$ -

ASSETS

Cash and cash equivalents  
 Restricted assets:  
   Cash and cash equivalents  
   Special assessments receivables  
 Total assets

LIABILITIES AND FUND BALANCES

Liabilities:									
Due to other funds	\$ -	\$ -	\$ -	\$ 27,972	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	27,972	-	-	-	-	-

Fund Balances:

Reserved:									
Reserved for debt service	-	-	1,502	191,608	3,640	5,238	3,212		-
Unreserved:									
Undesignated	703	46,099	-	-	-	-	-		-
Total fund balances	703	46,099	1,502	191,608	3,640	5,238	3,212		-
Total liabilities and fund balances	\$ 703	\$ 46,099	\$ 1,502	\$ 219,580	\$ 3,640	\$ 5,238	\$ 3,212		\$ -

(Continued)

**CENTERVILLE CITY CORPORATION**  
**Combining Balance Sheet – Non-major Governmental Funds (Continued)**  
**June 30, 2009**

	<u>Capital Projects</u>			<u>Total</u>
	<u>Storm Drain</u>	<u>Building</u>	<u>Park Improvements Fund</u>	<u>Non-major Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 29,082	\$ 511,544	\$ 23,345	\$ 622,176
Restricted assets:				
Cash and cash equivalents	-	-	-	219,580
Special assessments receivables	-	-	-	2,189
Total assets	<u>\$ 29,082</u>	<u>\$ 511,544</u>	<u>\$ 23,345</u>	<u>\$ 843,945</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	-	-	-	27,972
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,972</u>
Fund Balances:				
Reserved:				
Reserved for debt service	-	-	-	205,200
Unreserved:				
Undesignated	29,082	511,544	23,345	610,773
Total fund balances	<u>29,082</u>	<u>511,544</u>	<u>23,345</u>	<u>815,973</u>
Total liabilities and fund balances	<u>\$ 29,082</u>	<u>\$ 511,544</u>	<u>\$ 23,345</u>	<u>\$ 843,945</u>

**CENTERVILLE CITY CORPORATION**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances -**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2009**

	Special Revenue				Debt Service			
	Municipal Building Authority	Recreation	SID 400 West	City Hall Revenue	SID Gaurantee	SID Chase Lane	SID Porter Lane	Land Purchase
<b>REVENUES</b>								
Special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,009	\$ -	\$ -
Charges for services	-	99,694	-	-	-	-	-	-
Interest	-	-	32	-	-	2,780	-	-
Miscellaneous	-	10,136	-	-	-	-	-	-
Total revenues	-	109,830	32	-	-	10,789	-	-
<b>EXPENDITURES</b>								
Current operating:								
General government	1,256	-	-	-	-	-	-	-
Parks and recreation	-	133,353	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Debt service:								
Principal retirement	-	-	-	175,000	-	6,496	2,658	104,000
Interest and fiscal charges	-	-	-	32,217	-	3,582	419	15,600
Total expenditures	1,256	133,353	-	207,217	-	10,078	3,077	119,600
Excess (deficiency) of revenues over expenditures	(1,256)	(23,523)	32	(207,217)	-	711	(3,077)	(119,600)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	1,500	47,500	-	205,376	-	-	-	119,600
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources	1,500	47,500	-	205,376	-	-	-	119,600
Net change in fund balance	244	23,977	32	(1,841)	-	711	(3,077)	-
Fund balance - beginning of year	459	22,122	1,470	193,449	3,640	4,527	6,289	-
Fund balance - end of year	\$ 703	\$ 46,099	\$ 1,502	\$ 191,608	\$ 3,640	\$ 5,238	\$ 3,212	\$ -

(Continued)

**CENTERVILLE CITY CORPORATION**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances -**  
**Non-major Governmental Funds (Continued)**  
**For the Year Ended June 30, 2009**

	<u>Capital Projects</u>			<u>Total</u>
	<u>Storm Drain</u>	<u>Building</u>	<u>Park Improvements Fund</u>	
<u>REVENUES</u>				
Special assessments	-	-	-	\$ 8,009
Charges for services	250,835	-	40,800	391,329
Interest	5,705	16,917	1,893	27,327
Miscellaneous	-	-	-	10,136
Total revenues	256,540	16,917	42,693	436,801
<u>EXPENDITURES</u>				
Current operating:				
General government	-	-	-	1,256
Parks and recreation	-	-	105,151	238,504
Capital outlay	-	315,035	-	315,035
Debt service:				
Principal retirement	-	-	-	288,154
Interest and fiscal charges	-	-	-	51,818
Total expenditures	-	315,035	105,151	894,767
Excess (deficiency) of revenues over expenditures	256,540	(298,118)	(62,458)	(457,966)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	45,000	-	108,493	527,469
Transfers out	(678,095)	-	(164,600)	(842,695)
Total other financing sources	(633,095)	-	(56,107)	(315,226)
Net change in fund balance	(376,555)	(298,118)	(118,565)	(773,192)
Fund balance - beginning of year	405,637	809,662	141,910	1,589,165
Fund balance - end of year	\$ 29,082	\$ 511,544	\$ 23,345	\$ 815,973

**CENTERVILLE CITY CORPORATION**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual**  
**Municipal Building Authority**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
REVENUES	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<u>EXPENDITURES</u>				
General government	1,500	1,500	1,256	244
Total expenditures	1,500	1,500	1,256	244
Excess of revenues over expenditures	(1,500)	(1,500)	(1,256)	244
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,500	1,500	1,500	-
Net change in fund balance	-	-	244	244
Fund balance at beginning of year	459	459	459	-
Fund balance at end of year	<u>\$ 459</u>	<u>\$ 459</u>	<u>\$ 703</u>	<u>\$ 244</u>

**CENTERVILLE CITY CORPORATION**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual**  
**Recreation Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<b><u>REVENUES</u></b>				
Recreation fees	\$ 110,000	\$ 110,000	\$ 99,694	\$ (10,306)
Field use agreement	3,000	3,000	3,335	335
Concession sales	11,180	11,180	6,801	(4,379)
Total revenues	<u>124,180</u>	<u>124,180</u>	<u>109,830</u>	<u>(14,350)</u>
<b><u>EXPENDITURES</u></b>				
Salaries and wages	65,800	65,800	60,506	5,294
Employee benefits	9,430	9,430	9,000	430
Materials, supplies and other	51,650	51,650	49,380	2,270
Youth baseball/softball	40,000	40,000	14,467	25,533
Total expenditures	<u>166,880</u>	<u>166,880</u>	<u>133,353</u>	<u>33,527</u>
Excess (deficiency) of revenues over (under) expenditures	(42,700)	(42,700)	(23,523)	19,177
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	47,500	47,500	47,500	-
Net change in fund balance	4,800	4,800	23,977	19,177
Fund balance, beginning of year	<u>22,122</u>	<u>22,122</u>	<u>22,122</u>	<u>-</u>
Fund balance, end of year	<u>\$ 26,922</u>	<u>\$ 26,922</u>	<u>\$ 46,099</u>	<u>\$ 19,177</u>

**CENTERVILLE CITY CORPORATION**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual**  
**Special Improvement District 400 W. Debt Service Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Interest	\$ -	\$ -	\$ 32	\$ 32
Total revenues	-	-	32	32
Expenditures	-	-	-	-
Net change in fund balance	-	-	32	32
Fund balance at beginning of year	1,470	1,470	1,470	-
Fund balance at end of year	<u>\$ 1,470</u>	<u>\$ 1,470</u>	<u>\$ 1,502</u>	<u>\$ 32</u>

**CENTERVILLE CITY CORPORATION**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual**  
**City Hall Revenue Bond Debt Service Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<b><u>REVENUES</u></b>				
Interest	1,500	1,500	-	\$ (1,500)
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
<b><u>EXPENDITURES</u></b>				
Principal retirement	175,000	175,000	175,000	-
Interest and fiscal charges	37,130	37,130	32,217	4,913
Total expenditures	<u>212,130</u>	<u>212,130</u>	<u>207,217</u>	<u>4,913</u>
Excess (deficiency) of revenues over (under) expenditures	(210,630)	(210,630)	(207,217)	3,413
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	210,630	210,630	205,376	(5,254)
Net change in fund balance	-	-	(1,841)	(1,841)
Fund balance at beginning of year	<u>193,449</u>	<u>193,449</u>	<u>193,449</u>	<u>-</u>
Fund balance at end of year	<u>\$ 193,449</u>	<u>\$ 193,449</u>	<u>\$ 191,608</u>	<u>\$ (1,841)</u>

**CENTERVILLE CITY CORPORATION**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual**  
**Special Improvement Guarantee Debt Service Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	3,640	3,640	3,640	-
Fund balance at end of year	<u>\$ 3,640</u>	<u>\$ 3,640</u>	<u>\$ 3,640</u>	<u>\$ -</u>

**CENTERVILLE CITY CORPORATION**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual**  
**Special Improvement District Chase Lane Debt Service Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Special assessment	\$ 10,078	\$ 10,078	\$ 8,009	\$ (2,069)
Interest	-	-	2,780	2,780
Total revenues	<u>10,078</u>	<u>10,078</u>	<u>10,789</u>	<u>711</u>
<u>EXPENDITURES</u>				
Principal retirement	6,496	6,496	6,496	-
Interest and fiscal charges	3,582	3,582	3,582	-
Total expenditures	<u>10,078</u>	<u>10,078</u>	<u>10,078</u>	<u>-</u>
Net change in fund balance	-	-	711	711
Fund balance at beginning of year	<u>4,527</u>	<u>4,527</u>	<u>4,527</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,527</u>	<u>\$ 4,527</u>	<u>\$ 5,238</u>	<u>\$ 711</u>

**CENTERVILLE CITY CORPORATION**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual**  
**Special Improvement District Porter Lane Debt Service Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Special assessment	\$ 3,077	\$ 3,077	\$ -	\$ (3,077)
<u>EXPENDITURES</u>				
Principal retirement	2,658	2,658	2,658	-
Interest and fiscal charges	419	419	419	-
Total expenditures	<u>3,077</u>	<u>3,077</u>	<u>3,077</u>	<u>-</u>
Net change in fund balance	-	-	(3,077)	-
Fund balance at beginning of year	<u>6,289</u>	<u>6,289</u>	<u>6,289</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,289</u>	<u>\$ 6,289</u>	<u>\$ 3,212</u>	<u>\$ -</u>

**CENTERVILLE CITY CORPORATION**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual**  
**Land Purchase Debt Service Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
Revenues	\$ -	\$ -	\$ -	\$ -
<u>EXPENDITURES</u>				
Principal retirement	104,000	104,000	104,000	-
Interest and fiscal charges	15,600	15,600	15,600	-
Total expenditures	<u>119,600</u>	<u>119,600</u>	<u>119,600</u>	<u>-</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CENTERVILLE CITY CORPORATION**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual**  
**Capital Projects Park Improvement Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<b><u>REVENUES</u></b>				
Developer fees	\$ 120,000	\$ 120,000	\$ 40,800	\$ (79,200)
Interest	10,000	10,000	1,893	(8,107)
Total revenues	<u>130,000</u>	<u>130,000</u>	<u>42,693</u>	<u>(87,307)</u>
<b><u>EXPENDITURES</u></b>				
Capital outlay	145,000	145,000	105,151	39,849
Total expenditures	<u>145,000</u>	<u>145,000</u>	<u>105,151</u>	<u>39,849</u>
Excess (deficiency) of revenues over (under) expenditures	(15,000)	(15,000)	(62,458)	(47,458)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	89,000	89,000	108,493	19,493
Transfers out	(219,600)	(219,600)	(164,600)	55,000
Net change in fund balance	(145,600)	(145,600)	(118,565)	(118,565)
Fund balance at beginning of year	<u>141,910</u>	<u>141,910</u>	<u>141,910</u>	<u>-</u>
Fund balance at end of year	<u>\$ (3,690)</u>	<u>\$ (3,690)</u>	<u>\$ 23,345</u>	<u>\$ 27,035</u>

**CENTERVILLE CITY CORPORATION**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual**  
**Capital Projects Storm Drain Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<b><u>REVENUES</u></b>				
Developer fees	\$ 30,000	\$ 30,000	\$ 17,128	\$ (12,872)
Contributions and grants	-	-	233,707	233,707
Interest on investments	11,000	11,000	5,705	(5,295)
Total revenues	<u>41,000</u>	<u>41,000</u>	<u>256,540</u>	<u>215,540</u>
<b><u>EXPENDITURES</u></b>				
Capital outlay	<u>242,100</u>	<u>278,100</u>	<u>-</u>	<u>278,100</u>
Total expenditures	<u>242,100</u>	<u>278,100</u>	<u>-</u>	<u>278,100</u>
Excess (deficiency) of revenues over (under) expenditures	(201,100)	(237,100)	256,540	493,640
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	-	45,000	45,000
Transfers out	<u>(77,000)</u>	<u>(77,000)</u>	<u>(678,095)</u>	<u>(601,095)</u>
Net change in fund balance	(278,100)	(314,100)	(376,555)	(62,455)
Fund balance at beginning of year	<u>405,637</u>	<u>405,637</u>	<u>405,637</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 127,537</u></u>	<u><u>\$ 91,537</u></u>	<u><u>\$ 29,082</u></u>	<u><u>\$ (62,455)</u></u>

**CENTERVILLE CITY CORPORATION**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual**  
**Capital Projects Building Fund**  
**For the Year Ended June 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<b><u>REVENUES</u></b>				
Interest	\$ -	\$ -	\$ 16,917	\$ 16,917
Total revenues	-	-	16,917	16,917
<b><u>EXPENDITURES</u></b>				
Capital outlay	802,095	802,095	315,035	487,060
Total expenditures	802,095	802,095	315,035	487,060
Net change in fund balance	(802,095)	(802,095)	(298,118)	503,977
Fund balance at beginning of year	809,662	809,662	809,662	-
Fund balance at end of year	<u>\$ 7,567</u>	<u>\$ 7,567</u>	<u>\$ 511,544</u>	<u>\$ 503,977</u>

## Statistical Section

This is part of the City of Centerville's Comprehensive Annual Financial Report and presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	77
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue sources.	82
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	90
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	94
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	97

Sources: Unless otherwise noted the information in these schedules is derived from the Comprehensive Annual Financial Reports or Annual Financial Report for the relevant year. The City implemented GASB statement 34 in year ending June 30, 2004. Schedules presenting government-wide information includes information beginning in that year.

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## Centerville City Corporation

### Net Assets by Component Last Six Fiscal Years

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
<b><u>Governmental Activities</u></b>						
Invested in capital assets, net of related debt	\$5,117,989	\$8,650,016	\$10,436,204	\$12,769,032	\$14,588,456	\$4,619,324
Restricted	\$58,474	\$0	\$0	\$211,742	\$209,375	\$13,476,070
Unrestricted	\$5,548,235	\$6,004,708	\$5,501,968	\$5,837,901	\$5,521,914	\$3,963,726
Total governmental activities net assets	<u>\$10,724,698</u>	<u>\$14,654,724</u>	<u>\$15,938,172</u>	<u>\$18,818,675</u>	<u>\$20,319,745</u>	<u>\$22,059,120</u>
<b><u>Business-type Activities</u></b>						
Invested in capital assets, net of related debt	\$6,995,904	\$7,437,421	\$8,198,814	\$9,396,800	\$10,164,608	\$11,001,715
Restricted	\$1,501,324	\$1,535,871	\$1,603,883	\$1,677,008	\$1,066,486	\$1,086,077
Unrestricted	(\$156,336)	\$94,741	(\$90,161)	(\$542,570)	(\$75,167)	(\$172,501)
Total business-type activities net assets	<u>\$8,340,892</u>	<u>\$9,068,033</u>	<u>\$9,712,536</u>	<u>\$10,531,238</u>	<u>\$11,155,927</u>	<u>\$11,915,291</u>
<b><u>Primary Government</u></b>						
Invested in capital assets, net of related debt	\$12,113,893	\$16,087,437	\$18,635,018	\$22,165,832	\$24,753,064	\$15,621,039
Restricted	\$1,559,798	\$1,535,871	\$1,603,883	\$1,888,750	\$1,275,861	\$14,562,147
Unrestricted	\$5,391,899	\$6,099,449	\$5,411,807	\$5,295,331	\$5,446,747	\$3,791,225
Total primary government net assets	<u>\$19,065,590</u>	<u>\$23,722,757</u>	<u>\$25,650,708</u>	<u>\$29,349,913</u>	<u>\$31,475,672</u>	<u>\$33,974,411</u>

Note: Prior to 2004 not available

# Centerville City Corporation

## Change in Net Assets Last Six Fiscal Years

	Fiscal Year					
	2004	2005	2006	2007	2008	2009
<b>Expenses</b>						
<u>Governmental Activities</u>						
General government	\$1,225,184	\$1,210,438	\$1,344,814	\$1,294,987	\$1,448,978	\$1,209,582
Public Safety	\$2,104,381	\$2,223,122	\$2,368,844	\$2,493,972	\$2,613,890	\$2,366,183
Streets and public works	\$1,327,423	\$1,307,744	\$1,146,997	\$1,873,984	\$1,715,647	\$1,948,185
Parks & recreation	\$991,715	\$861,866	\$1,009,363	\$1,119,172	\$1,154,243	\$1,330,148
Community development	\$292,154	\$322,135	\$396,376	\$765,077	\$756,662	\$1,026,745
Interest on long-term debt	\$358,568	\$161,735	\$153,444	\$161,453	\$85,852	\$152,369
Total governmental activities expenses	\$6,299,425	\$6,087,040	\$6,419,838	\$7,708,645	\$7,775,272	\$8,033,212
<u>Business-type activities</u>						
Water	\$2,836,098	\$1,179,885	\$1,167,370	\$1,526,483	\$1,765,049	\$1,601,430
Sanitation	\$657,062	\$622,042	\$623,259	\$637,035	\$649,850	\$655,091
Storm drain	\$320,222	\$452,361	\$348,444	\$463,475	\$475,445	\$382,484
Total business-type activities expenses	\$3,813,382	\$2,254,288	\$2,139,073	\$2,626,993	\$2,890,344	\$2,639,005
Total primary government expenses	\$10,112,807	\$8,341,328	\$8,558,911	\$10,335,638	\$10,665,616	\$10,672,217
<b>Program Revenues</b>						
<u>Governmental activities</u>						
Charges for services						
General government	\$620,063	\$607,734	\$673,186	\$1,282,437	\$1,270,564	\$1,447,637
Streets and public works	\$78,798	\$127,773	\$17,211	\$290,260	\$52,887	\$8,009
Parks and recreation	\$168,502	\$238,975	\$194,926	\$108,473	\$220,092	\$115,714
Community development	\$324,721	\$443,083	\$570,739	\$477,875	\$500,852	\$283,527
Operating grants and contributions	\$23,566	\$42,682	\$115,683	\$243,090	\$89,310	\$32,287
Capital grants and contributions	\$71,155	\$2,458,208	\$875,000	\$100,000	\$186,500	\$1,701,527
Total governmental activities program revenues	\$1,286,805	\$3,918,455	\$2,446,745	\$2,502,135	\$2,320,205	\$3,588,701
<u>Business-type activities</u>						
Charges for services						
Water fees	\$1,755,100	\$1,774,208	\$1,864,538	\$2,233,905	\$2,283,281	\$1,654,905
Sanitation	\$717,913	\$691,892	\$688,237	\$641,393	\$611,679	\$623,054
Storm drain	\$480,816	\$492,807	\$553,441	\$507,974	\$579,744	\$542,718
Operating grants and contributions	\$0	\$0	\$0	\$0	\$0	\$0
Capital grants and contributions	\$0	\$410,000	\$34,250	\$0	\$0	\$0
Total business-type activities program revenues	\$2,953,829	\$3,368,907	\$3,140,466	\$3,383,272	\$3,474,704	\$2,820,677
Total primary government program revenues	\$4,240,634	\$7,287,362	\$5,587,211	\$5,885,407	\$5,794,909	\$6,409,378
<b>Net (expense) revenue</b>						
Government activities	(\$5,012,620)	(\$2,168,585)	(\$3,973,093)	(\$5,206,510)	(\$5,455,067)	(\$4,444,511)
Business-type activities	(\$859,553)	\$1,114,619	\$1,001,393	\$756,279	\$584,360	\$181,672
Total primary government net expenses	(\$5,872,173)	(\$1,053,966)	(\$2,971,700)	(\$4,450,231)	(\$4,870,707)	(\$4,262,839)

	Fiscal Year					\$2,009
	2004	2005	2006	2007	2008	
<b>General Revenues and Other Changes in Net Assets</b>						
<u>Governmental activities</u>						
Property tax and uniform vehicle fees	\$1,504,549	\$1,667,607	\$1,878,705	\$1,653,574	\$1,790,943	\$1,933,965
Franchise, telecommunication, & energy sales taxes	\$700,001	\$809,720	\$901,116	\$869,898	\$933,916	\$964,201
General & Highway Sales Tax	\$2,810,739	\$2,888,887	\$3,229,740	\$3,427,874	\$3,784,263	\$3,579,903
Gain on Sale of Capital Assets	\$0	\$0	\$0	\$1,590,238	\$12,370	(\$20,408)
Other	\$771,953	\$290,599	\$371,281	\$495,343	\$385,430	\$291,996
Transfers	\$433,696	\$441,798	\$449,065	\$50,086	\$49,215	(\$549,751)
Total governmental activities	\$6,220,938	\$6,098,611	\$6,829,907	\$8,087,013	\$6,956,137	\$6,199,906
<u>Business-type activities</u>						
Other	\$20,039	\$54,320	\$92,175	\$112,509	\$89,544	\$27,941
Transfers	(\$433,696)	(\$441,798)	(\$449,065)	(\$50,086)	(\$49,215)	\$549,751
Total business-type activities	(\$413,657)	(\$387,478)	(\$356,890)	\$62,423	\$40,329	\$577,692
Total primary government	\$5,807,281	\$5,711,133	\$6,473,017	\$8,149,436	\$6,996,466	\$6,777,598
<b>Change in Net Assets</b>						
Governmental activities	\$1,208,318	\$3,930,026	\$2,856,814	\$2,880,503	\$1,501,070	\$1,739,375
Business-type activities	(\$1,273,210)	\$727,141	\$644,503	\$818,702	\$624,689	\$759,364
Total primary government	(\$64,892)	\$4,657,167	\$3,501,317	\$3,699,205	\$2,125,759	\$2,498,739

## Centerville City Corporation

### Governmental Activities Taxes and Special Assessment Revenues by Source Last Ten Fiscal Years

---

Fiscal Year	Property & Uniform Vehicle Taxes	Sales & Highway Taxes	Franchise, Telecommunication & Energy Taxes	Special Assessments	Total Tax Revenue
2000	\$1,293,402	\$2,695,202	\$444,043	\$19,862	\$4,452,509
2001	\$1,332,059	\$2,666,491	\$581,739	\$6,105	\$4,586,394
2002	\$1,559,947	\$2,763,741	\$650,569	\$14,331	\$4,988,588
2003	\$1,453,230	\$2,639,649	\$641,332	\$18,304	\$4,752,515
2004	\$1,495,609	\$2,810,739	\$700,001	\$8,850	\$5,015,199
2005	\$1,664,306	\$2,888,887	\$809,720	\$3,301	\$5,366,214
2006	\$1,875,576	\$3,229,740	\$901,116	\$3,129	\$6,009,561
2007	\$1,640,554	\$3,427,874	\$869,898	\$13,020	\$5,951,346
2008	\$1,790,944	\$3,708,401	\$933,915	\$3,707	\$6,436,967
2009	\$1,933,965	\$3,579,903	\$964,201	\$8,009	\$6,486,078

**CENTERVILLE CITY CORPORATION**

**TAXABLE SALES BY CATEGORY  
LAST TEN CALENDAR YEARS**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Building and Garden	\$39,564	\$40,385	\$41,944	\$44,281	\$49,280	\$58,795	\$66,313	\$74,846	\$73,252	\$64,108
Food Stores	41,266	38,660	39,699	39,695	27,690	35,696	35,433	34,189	3,250	33,596
Construction	54	207	68	8	15	10	778	1,837	2,737	1,543
Manufacturing	12,140	8,014	6,399	4,137	5,115	11,557	14,614	20,508	20,800	26,952
Electric & Gas	0	0	0	0	0	0	0	0	0	10,924
General Merchandise	0	0	0	0	0	0	0	0	67,500	127,627
Wholesale Durable Goods	15,558	16,589	16,843	13,554	15,620	13,473	14,199	11,193	11,500	5,157
Wholesale-NonDurable Goods	1,450	1,472	1,639	1,113	1,086	2,073	1,892	3,151	7,100	7,194
Motor Vehicles	18,982	24,053	19,783	23,575	24,871	28,775	31,073	32,687	34,000	42,606
Apparel & Accessories	0	0	0	0	0	0	0	0	0	2,181
Furniture	2,159	2,050	2,466	1,987	2,057	3,147	5,823	5,109	5,250	4,094
Eating & Drinking	10,364	11,018	11,896	12,405	12,960	13,558	15,203	16,335	16,843	21,195
Miscellaneous Sales	2,142	2,167	2,547	3,679	4,535	7,670	7,534	8,417	7,457	12,462
Fin, Ins & Real Estate	0	0	0	0	0	0	0	0	0	2,192
Personal Services	955	855	652	674	398	447	580	545	507	591
Business Services	147	450	690	698	955	1,502	2,823	3,382	5,017	6,812
Auto & Repair	3,395	3,613	3,366	3,538	3,893	3,716	3,815	4,577	4,925	4,904
Amusement & Rec	0	0	0	0	0	0	0	0	0	1,370
Health	518	573	691	590	820	669	589	620	600	59
Education, legal, social	48	43	158	276	267	166	552	85	270	1,150
Communications	0	0	0	275	4,756	4,339	3,499	4,056	500	8,551
Private motor vehicle sales	3,741	3,995	4,974	4,569	4,297	3,747	3,818	3,814	0	4,896
Nondisclosable/Nonclassifiable	17,475	25,799	36,964	38,763	43,651	50,070	51,350	43,664	55,481	55
All other outlets	15,844	9,687	459	617	524	661	639	14,052	0	304
Prior Period Payments & Refunds	4,167	2,107	1,368	3,494	3,034	18,790	4,057	1,527	35	9,332
	\$189,969	\$191,737	\$191,238	\$194,434	\$202,790	\$240,071	\$264,584	\$284,594	\$317,024	\$399,855

Source: Utah State Tax Commission

# Centerville City Corporation

## Direct and Overlapping Sales Tax Rates Last Ten Fiscal Years

---

Year	City	County	State	Mass Transit	Total
2000	1.00%	0.25%	4.75%	0.25%	6.25%
2001	1.00%	0.25%	4.75%	0.50%	6.50%
2002	1.00%	0.25%	4.75%	0.50%	6.50%
2003	1.00%	0.25%	4.75%	0.50%	6.50%
2004	1.00%	0.25%	4.75%	0.50%	6.50%
2005	1.00%	0.25%	4.75%	0.50%	6.50%
2006	1.00%	0.25%	4.75%	0.50%	6.50%
2007	1.00%	0.25%	4.75%	0.50%	6.50%
2008	1.10%	0.25%	4.65%	0.50%	6.50%
2009	1.10%	0.25%	4.65%	0.50%	6.50%

Source: Utah State Tax Commission

# Centerville City Corporation

## Taxable and Estimated Actual Value of Taxable Property Last Ten Calendar Years (amounts expressed in thousands)

---

<u>Tax Year</u>	<u>Taxable Value</u>	<u>Estimated Actual</u>	<u>Ratio of Taxable to Estimated Actual value</u>
1999	\$487,699	\$784,683	62.20%
2000	\$529,411	\$846,599	62.50%
2001	\$539,023	\$863,096	62.50%
2002	\$555,436	\$880,247	63.10%
2003	\$596,312	\$933,894	63.90%
2004	\$610,355	\$961,189	63.50%
2005	\$675,189	\$1,048,430	64.40%
2006	\$677,113	\$1,110,021	61.00%
2007	\$734,544	\$1,162,253	63.20%
2008	\$784,307	\$1,256,902	62.40%

Source: Davis County Clerk/Auditors Office

Primary residences have a taxable value of 45% of actual value  
Commercial and non-primary residences are taxed at 100% of actual value  
The rate applied by the City is .00923%

## Centerville City Corporation

### Property Tax Rates - Direct and Overlapping Governments Last ten Fiscal Years

---

Tax Year	Centerville City	Davis County	Davis School District	Special Taxing Districts	Total Levy
1999	0.1579%	0.2054%	0.6991%	0.0674%	1.1298%
2000	0.1477%	0.2145%	0.7144%	0.0655%	1.1421%
2001	0.1464%	0.2095%	0.7236%	0.0612%	1.1407%
2002	0.1466%	0.2081%	0.7600%	0.0615%	1.1762%
2003	0.1470%	0.2388%	0.7731%	0.0654%	1.2243%
2004	0.1459%	0.2380%	0.7821%	0.0651%	1.2311%
2005	0.1436%	0.2347%	0.7684%	0.1603%	1.3070%
2006	0.1349%	0.2142%	0.7305%	0.1045%	1.1841%
2007	0.1233%	0.2564%	0.7176%	0.1369%	1.2342%
2008	0.0923%	0.2329%	0.6764%	0.0879%	1.0895%

Source: Utah State Tax Commission

# Centerville City Corporation

## Property Tax Levies and Collections Last Ten Calendar Years (amounts expressed in thousands)

Calendar Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collection	Delinquent Tax Collections	Total Tax Collections	Percent of Total
1999	\$711,405	\$677,582	95.25%	\$26,394	\$703,976	98.96%
2000	\$723,724	\$694,148	95.91%	\$28,824	\$722,972	99.90%
2001	\$789,470	\$741,215	95.89%	\$24,132	\$765,347	96.94%
2002	\$814,214	\$766,445	94.13%	\$33,422	\$799,867	98.24%
2003	\$814,784	\$779,167	95.60%	\$35,459	\$814,626	99.98%
2004	\$820,731	\$779,287	94.95%	\$25,969	\$804,916	98.07%
2005	\$824,202	\$780,025	94.64%	\$117,640	\$897,665	108.91%
2006	\$849,703	\$815,006	95.60%	\$55,260	\$870,266	102.42%
2007	\$877,864	\$842,662	95.99%	\$33,812	\$876,474	99.84%
2008	\$907,846	\$837,435	92.24%	\$35,892	\$873,327	96.20%

Source: Davis County Clerk/Auditors Office

# Centerville City Corporation

## Principal Taxpayers Current Year and 10 years Ago

Taxpayer	Tax Year 2008 (current)			Percentage of Total Taxable Value
	Rank	Type of Business	Taxable Value	
Walmart	1	Retail	\$19,601,943	1.85%
Dayton West LLC	2	Commercial Real Estate	\$14,976,175	1.41%
Dayton Hudson	3	Retail	\$11,264,520	1.16%
Centerville MarketPlace LLC	4	Retail	\$10,647,102	1.00%
Pacificorp	5	Electric Utility	\$9,092,863	0.86%
HD Development of Maryland Inc.	6	Retail	\$8,683,671	0.82%
Syro Steel	7	Manufacturing	\$6,284,101	0.73%
SDCKP LLC	8	Retail	\$7,113,724	0.67%
Hogan & Associates	9	Construction	\$4,067,030	0.59%
Tingey Real Estate	10	Commercial Property	\$5,817,787	0.55%
Dika Properties	11	Retail	\$5,779,418	0.54%
Garden View Centerville LLC	12	Housing	\$5,673,177	0.53%
		Total	\$109,001,511	10.71%

Taxpayer	Tax Year 1998			Percentage of Total Taxable Value
	Rank	Type of Business	Taxable Value	
Dayton Hudson Corporation (Target)	1	Retail	\$15,474,415	4.11%
Home Depot	2	Retail	\$8,280,559	1.70%
Pacificorp	3	Electrical Utility	\$6,039,787	1.24%
Albertsons	4	Grocery	\$4,686,925	0.96%
Richard T. Winegar*	5	Retail	\$2,869,064	0.59%
Syro Steel	6	Manufacturing	\$2,816,704	0.58%
US West**	7	Communications	\$2,625,220	0.54%
Questar	8	Utility	\$2,190,075	0.45%
Air Products	9	Manufacturing	\$2,094,800	0.43%
Parrish Lane Property Group	10	Retail	\$1,983,671	0.41%
Hale Industries	11	Commercial	\$1,995,578	0.40%
		Total	\$51,056,798	11.41%

\* Currently Dika Properties

\*\* Currently Qwest Communications

Source: Davis County Clerk/Auditors Office

## Centerville City Corporation

### Property Value and Construction Last Ten Calendar Years

Calendar Year	Non-residential Construction		Residential Construction		Total Construction		Estimated Total Property Value
	No of Units	Value	No of Units	Value	New Construction Value	Total Property Value	
1999	21	\$2,080,989	85	\$10,675,645	\$12,756,634	\$730,190,000	
2000	18	\$10,862,132	63	\$10,027,418	\$20,889,550	\$784,683,000	
2001	19	\$6,091,553	42	\$7,022,065	\$13,113,618	\$846,599,000	
2002	8	\$1,036,148	38	\$6,393,734	\$7,429,882	\$880,247,000	
2003	28	\$4,010,883	27	\$5,483,239	\$9,494,122	\$933,894,000	
2004	18	\$1,767,530	72	\$19,088,000	\$20,855,530	\$961,189,000	
2005	28	\$6,392,090	86	\$17,573,000	\$23,965,090	\$1,048,430,000	
2006	31	\$18,788,500	84	\$20,606,000	\$39,394,500	\$1,110,021,000	
2007	26	\$13,642,750	75	\$18,360,000	\$32,002,750	\$1,162,253,000	
2008	20	\$6,714,400	64	\$16,920,000	\$23,634,400	\$1,256,902,000	

Source: Centerville City Community Development Department

# Centerville City Corporation

## Ratios of Outstanding Debt by Type Last Ten Fiscal Years

Fiscal Year	Governmental Activities										Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	MBA Lease Revenue Bonds	Sales Tax Revenue Bonds	Notes Payable	Capital Lease	Special Revenue Bonds	Special Assessment Bonds	Water Revenue Bonds	Water Revenue Bonds	Special Revenue Bonds	Special Assessment Bonds	Water Revenue Bonds	Water Revenue Bonds			
2000	\$2,382,000		\$97,500	\$76,733	\$305,000	\$64,000	\$43,000						\$2,968,233	0.87%	\$204
2001	\$2,137,000		\$48,750	\$40,347	\$250,000	\$52,000							\$2,528,097	0.68%	\$171
2002	\$1,883,000			\$20,915	\$190,000	\$39,000							\$5,157,915	1.36%	\$345
2003	\$1,650,000			\$17,019	\$130,000	\$26,000							\$4,848,019	1.24%	\$322
2004	\$1,455,000			\$12,950	\$65,000	\$12,000							\$5,556,950	1.36%	\$366
2005	\$1,310,000			\$8,696	\$0	\$8,000							\$5,183,696	1.22%	\$333
2006	\$1,155,000			\$4,247		\$4,000							\$4,859,247	1.09%	\$306
2007	\$995,000			\$0		\$0							\$4,517,000	0.90%	\$283
2008	\$830,000		\$416,000										\$4,587,000	0.87%	\$238
2009	\$655,000	\$11,655,000	\$312,000										\$15,776,000	3.00%	\$956

# Centerville City Corporation

## Direct and Overlapping Governmental Activities Debt June 30, 2009

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping
<b>Debt repaid with property taxes</b>			
Davis County	\$22,805,000	5.32%	\$1,213,226
Davis School District	\$342,880,000	5.32%	\$18,241,216
Weber Basin Water Conservancy	\$30,986,402	2.26%	\$700,293
State of Utah	\$993,810,000	0.48%	\$4,770,288
South Davis Recreation District	\$16,290,000	17.92%	\$2,919,168
<b>Other Debt - Davis County</b>			
Sales tax revenue bonds	\$16,835,000	11.23%	\$1,890,571
MBA lease revenue bonds	\$2,428,000	5.32%	\$129,170
Lease purchase	\$1,973,160	5.32%	\$104,972
<b>Total Overlapping Debt</b>	<u>\$1,428,007,562</u>		<u>\$29,968,903</u>
<b>Centerville City</b>			
Lease Revenue Bonds	\$655,000	100.00%	\$655,000
Sales Tax Revenue Bonds	\$11,655,000		\$11,655,000
<b>Total Direct Debt</b>	<u>\$12,310,000</u>		<u>\$12,310,000</u>
<b>Total Direct and Overlapping Debt</b>	<u>\$1,440,317,562</u>		<u>\$42,278,903</u>

(1) For debt repaid with property taxes the estimated percentage of overlapping debt applicable to Centerville City was used by using taxable assessed property values. This method was used on all debt except retail sales was used for the Davis County sales tax revenue bonds where the percentage was estimated by dividing the point of sales taxes collected within Centerville was divided by the point of sale collected in the County.

Note: Overlapping governments are considered to be those that at least in part, coincide with the geographical boundaries of the City. This table does not imply that every tax payer is a resident and therefore responsible for repaying the debt of the overlapping government.

## Centerville City Corporation

Legal Debt Margin  
Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$19,507,960	\$21,176,440	\$21,560,920	\$22,217,440	\$23,852,480	\$24,414,200	\$27,007,560	\$28,220,118	\$29,811,557	\$30,153,380
Total net applicable debt	\$64,000	\$52,000	\$39,000	\$26,000	\$12,000	\$8,000	\$4,000	\$0	\$0	\$0
Legal debt margin	\$19,443,960	\$21,124,440	\$21,521,920	\$22,191,440	\$23,840,480	\$24,406,200	\$27,003,560	\$28,220,118	\$29,811,557	\$30,153,380
Total net debt applicable to limit as a percentage of debt limit	<u>0.33%</u>	<u>0.25%</u>	<u>0.18%</u>	<u>0.12%</u>	<u>0.05%</u>	<u>0.03%</u>	<u>0.01%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

# Centerville City Corporation

## Revenue Bond Coverage

### Water Revenue Bonds

Fiscal Year	Gross Revenue	Operating Transfers	Expenses net of Depreciation	Net Available Revenue	Principal	Interest	Total	Coverage
2000	\$1,292,333	(\$280,224)	(\$460,969)	\$551,140	\$79,000	\$5,450	\$84,450	6.53
2001	\$1,443,452	(\$269,675)	(\$532,221)	\$641,556	\$43,000	\$1,075	\$44,075	14.56
2002	\$1,277,786	(\$326,966)	(\$545,534)	\$405,286	-	-	-	-
2003	\$1,473,051	(\$280,416)	(\$639,747)	\$552,888	-	\$107,922	\$107,922	5.12
2004(1)	\$2,252,226	(\$369,040)	(\$1,047,186)	\$836,000	\$155,000	\$158,996	\$313,996	2.66
2005	\$2,316,108	(\$373,793)	(\$1,175,166)	\$767,149	\$161,000	\$154,490	\$315,490	2.43
2006	\$2,499,361	(\$381,060)	(\$1,033,867)	\$1,084,434	\$174,000	\$147,860	\$321,860	3.37
2007	\$2,843,981	(\$63,276)	(\$1,661,175)	\$1,119,530	\$182,000	\$170,606	\$352,606	3.18
2008	\$2,944,790	(\$49,215)	(\$1,892,103)	\$1,003,472	\$181,000	\$141,918	\$322,918	3.11
2009	\$2,222,061	(\$73,500)	(\$1,519,205)	\$629,356	\$187,000	\$107,317	\$294,317	2.14

(1) Water Series 2003 Drainage Utility revenues are also pledged

# Centerville City Corporation

## Demographic and Economic statistics

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Calendar Year	Population (1)	Per Capita Income (2)	Personal Income	Unemployment Rate (3)	Median Age (4)	Average Size of Household (4)
1999	14,585	\$23,405	\$341,361,925	3.50%	22	3.81
2000	14,788	\$25,064	\$370,634,401	3.00%	27.3	3.52
2001	14,935	\$25,430	\$379,806,205	3.90%	27.3	3.52
2002	15,069	\$25,947	\$390,998,457	5.20%	27.3	3.52
2003	15,185	\$26,943	\$409,136,999	5.20%	27.3	3.52
2004	15,558	\$27,418	\$426,580,211	4.40%	27.3	3.52
2005	15,861	\$28,081	\$445,396,111	3.70%	27.3	3.52
2006	15,947	\$30,577	\$487,611,419	3.10%	27.3	3.52
2007	16,438	\$31,518	\$518,092,884	3.70%	27.3	3.52
2008	16,650	\$31,915	\$531,384,750	5.40%	27.3	3.52

(1) Year 2000 United States Census Report and estimates based on residential units and average household

(2) Davis County Clerk/Auditor

(3) Utah Department of Workforce Services

(4) United States Census Reports, 1990 and 2000

# Centerville City Corporation

## Principal Employers

Current year and previous year, prior years data is unavailable

Current Year			
Employer	Type of Business	Employees	Rank
Management & Training Corporation	Job Training Services	500-999	1
Target	General Merchandise	250-499	2
Walmart	General Merchandise	250-499	3
Albertsons	Grocery Store	250-499	4
Dicks Market	Grocery Store	250-499	5
Home Depot	Home Improvement	100-249	6

Prior Year			
Employer	Type of Business	Employees	Rank
Management & Training Corporation	Job Training Services	500-999	1
Target	General Merchandise	250-499	2
Walmart	General Merchandise	250-499	3
Albertsons	Grocery Store	250-499	4
Dicks Market	Grocery Store	250-499	5
Home Depot	Home Improvement	100-249	6

Source: Division of Workforce Services

Percent of total employment is not available

Other employers are less than 100 employees and not figures are not available

# Centerville City Corporation

## Full Time Equivalent City Government Employees by Function Last Ten Fiscal Years

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Administration	3	3	3	3	3	3	3	3	3	3
Finance	3	3	3	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Justice Court	3	3	3	3.5	3.5	3.75	3.75	3.75	3.75	3.75
Total General Government	9	9	9	10	10	10.25	10.25	10.25	10.25	10.25
Police	21.5	22.5	24	25	25	25	25	25	25	25
Community Development	2	2	2.5	3	3	3	4	4	4	4
Public Works										
Administration	2.5	2.5	2.5	3	2.5	3	4	4	4	4
Streets	4	4	4	4	4	4	4	4	4	4
Water	4.5	4.5	4.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Drainage	1	1	1	1	1	1	1	1	1	1
Total Public Works	12	12	12	13.5	13	13.5	14.5	14.5	14.5	14.5
Parks & Recreation										
Parks	8	8.5	8.5	7	7	7.5	8.5	9.5	9.5	9.5
Recreation	6	6.5	6.5	6.5	6.5	6.75	6.25	6.5	6.5	6.5
Museum	-	-	-	-	-	0.5	0.5	0.5	0.5	0.5
Building Maintenance	0.5	0.5	0.5	0.5	0.5	0.5	0.75	0.75	0.75	0.75
Total Parks & Recreation	14.5	15.5	15.5	14	14	15.25	16	17.25	17.25	17.25
Total Primary Government	59	61	63	65.5	65	67	69.75	71	71	71

The City is undertaking a performance measurement analysis which is not yet complete. Indicators of the demand for service by function is not yet available.

# Centerville City Corporation

## General Fund Expenditures by Function Last Ten Fiscal Years

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Fiscal Year	General Government	Public Safety	Public Works	Community Development	Parks & Recreation	Total
2000	\$800,847	\$1,638,823	\$1,248,245	\$232,013	\$700,625	\$4,620,553
2001	\$799,522	\$1,918,858	\$1,668,002	\$234,768	\$703,646	\$5,324,796
2002	\$890,233	\$2,008,584	\$1,900,339	\$236,622	\$702,172	\$5,737,950
2003	\$996,844	\$1,942,471	\$1,346,377	\$228,596	\$790,268	\$5,304,556
2004	\$1,003,973	\$2,095,514	\$1,455,501	\$266,688	\$726,036	\$5,547,712
2005	\$1,124,793	\$2,214,855	\$1,766,837	\$307,930	\$719,921	\$6,134,336
2006	\$1,219,986	\$2,460,052	\$1,270,520	\$366,249	\$810,696	\$6,127,503
2007	\$1,243,498	\$2,535,540	\$2,276,266	\$386,775	\$983,066	\$7,425,145
2008	\$1,307,209	\$2,641,150	\$2,016,653	\$408,839	\$927,602	\$7,301,453
2009	\$1,350,747	\$2,749,920	\$1,930,929	\$383,636	\$1,043,428	\$7,458,660

## Centerville City Corporation

### Operating Indicators by Function Current Year and Prior Only (previous years not available)

Function	2007	2008
<b>Community Development</b>		
Single Dwelling permits	43	14
Double Dwelling permits	8	48
Multi-family Dwelling permits	24	24
Commercial permits	26	20
Demolition permits	12	7
Occupancy permits		
Residential	84	79
Commercial	31	23
Permit process time	7 days	7 days
<b>Parks, Recreation and Trails</b>		
Developed Acreage	88	88
Undeveloped Acreage	35	35
Youth in Recreation Programs	2,970	2658
<b>Police Services</b>		
Expenditures per officer	\$103,968	\$113,688
Average response time (minutes)	3.5 to 4	1.23 to 6.52
Police reports per officer	201	135
<b>Water</b>		
Gallons billed	449,896,786	576,933,000
Residential connections	3,995	4,041
Other connections	452	459
<b>Taxes</b>		
Federal AGI tax per return	\$59,755	\$66,082
Tax Revenue as a % of AGI	1.30%	1.11%
Indexed to State average (AGI)	77%	76%
Taxable sales per capita	\$19,305	\$23,840
Indexed to State average	104.5%	N/A
Sales tax revenue per capita	\$186.40	\$211.45
Indexed to State average	103%	N/A
Property tax revenue per capita	\$56.80	\$63.40
Indexed to State average	48%	N/A
Franchise tax per capita	\$23.90	\$22.80
Indexed to State average	38.7%	N/A
Total tax revenue per capita	\$309.10	\$327.65
Indexed to State average	76.9%	N/A
General Fund revenues per capita	\$456	\$426
General Fund expenditures per capita	\$407	\$444
Capital improvement expenditures per capita	\$123	\$72

Sources: Utah State Tax Commission. UCMA Benchmarking report.

# Centerville City Corporation

## Capital Asset & Statistical Information by Function Last Nine Fiscal Years

Date of Incorporation Area of City	May 17, 1915 7.5 square miles								
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Population Estimate	14,935	15,069	15,185	15,558	15,861	16,143	16,438	16,650	16,722
City Hall and Justice Court	2	1	1	1	1	1	1	1	1
Museum	1	1	1	1	1	1	1	1	1
Streets & Public Works									
Miles of Streets	56	56	57	57	58	59	59	61	62
Number of Street Lights	680	680	702	713	720	727	731	741	745
Public Works Office, Maintenance, Storage	1	1	1	2	2	2	2	2	2
Number of Police Stations (included in City Hall)	1	1	1	1	1	1	1	1	1
Number of Police Officers	15	15	16	16	16	16	17	17	17
Municipal Water									
Number of Customers	4,053	4,072	4,132	4,257	4,273	4,366	4,401	4,499	4,499
Miles of Water Mains	66	66	68	68	69	70	71	72	72
Number of Culinary Water Wells	7	7	8	8	8	8	8	8	8
Number of Culinary Water Storage Tanks	6	6	6	6	6	6	6	6	6
Building Permits Issued (new construction, includes remodel)	61	46	55	90	58	114	115	115	55
Parks & Recreation									
Office, Maintenance, Storage Buildings	1	1	1	1	1	1	1	1	1
Developed Parks	4	4	4	4	5	5	7	7	7
Undeveloped Parks and Trails	2	2	3	3	2	2	0	5	5
Pavilions	5	5	5	5	5	5	7	7	7
Tennis Courts	4	4	4	4	4	4	4	4	4
Baseball Fields	4	4	4	4	4	4	4	4	4

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**CENTERVILLE CITY CORPORATION  
CENTERVILLE, UTAH**

**REPORTS ON COMPLIANCE AND INTERNAL CONTROL  
INCLUDING STATE LEGAL COMPLIANCE REPORT**

**YEAR ENDED JUNE 30, 2009**

# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor & Members of the City Council  
Centerville City Corporation, Utah

We have audited the basic financial statements of Centerville City Corporation as of and for the year ended June 30, 2009, and have issued our report thereon dated December 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters As part of obtaining reasonable assurance about whether Centerville City Corporation's basic 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the City Council and others within the organization 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.

*Hansen, Bradshaw, Malmrose & Erickson, P.C.*

December 21, 2009

# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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## STATE LEGAL COMPLIANCE REPORT

Honorable Mayor and Members of City Council  
Centerville City Corporation  
Centerville, Utah

We have audited the basic financial statements of Centerville City for the year ended June 30, 2009 and have issued our report thereon dated December 21, 2009. As part of our audit, we have audited compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2009. The City received the following major State assistance programs from the State of Utah:

### C Road Funds (Department of Transportation)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation & Property Tax Limitations
- Liquor Law Enforcement
- Justice Courts Compliance
- Asset Forfeiture
- Utah Retirement Services

The management of Centerville City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

In our opinion, Centerville City complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2009.

*Hansen, Bradshaw, Malmrose & Erickson, P.C*

December 21, 2009