

**CENTERVILLE CITY CORPORATION
CENTERVILLE, UTAH**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

Year Ended June 30, 2010

CENTERVILLE CITY CORPORATION
Comprehensive Annual Financial Report
For the Year Ended June 30, 2010

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INTRODUCTORY SECTION

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, 2010, 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, 2010, 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, Recycling, Green Waste 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, and green waste. 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. 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, and job loss. 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 taxes have continued to be sluggish, but seem to have stabilized. Centerville has fared somewhat better than the State as a whole but revenue levels are still below revenues two years ago. The trend is improving and revenues are anticipated to increase slightly through 2011. Other revenue sources such as property and franchise tax have been stable, but little increase.

The City has also completed the revision of the General Development plan of the City's west side. This area has potential of significant commercial development, including retail, office and light manufacturing. The development of this area commenced during the fiscal year. Through the RDA, the City supported the creation of a Community Development Area (CDA) which helped facilitate the start of the development Legacy Crossing at Parrish Lane commercial project. The anchor is a 90,000 sf 14 screen movie complex by the region's most predominant player in the market, Larry H. Miller Megaplex. The development will include other retail or office pads, restaurants and a multi-family component. This development is significant to commence the development in this area.

Major Initiatives

Community Development

City officials were involved in major planning initiatives in FY 2009-2010 affecting three geographic areas: west of I-15; Main Street; and the foothills.

West of I-15

Over the past three years, the area west of I-15 has been the subject of several General Plan and Zoning Code amendments. The purpose of these revisions was to establish a vision and guidelines for future development and redevelopment. In FY 2008-2009, development design standards were approved for the Shorelands Commerce Park District, a large undeveloped area north of the existing Business Park.

In FY 2009-2010, attention was focused on the vicinity of 1250 West and Parrish Lane. City officials created a Community Development Project Area (CDA) consisting of 80 acres of private property, to encourage and support appropriate development in this “gateway” area. A 29-acre portion will be the site of a mixed use project (commercial and multi-family residential) anchored by a 14-screen movie theater. To leverage the developer’s financing of infrastructure needed for the CDA area—water mains, storm drains and roads—the developer will receive a portion of the property tax increment generated by new development on the 29 acres over a 15-year period.

Main Street

The South Main Street Corridor Plan, adopted in 2008, pertains to the redevelopment of the area between Parrish Lane and Pages Lane. In FY 2009-2010 the Planning Commission and City Council began a review of the Plan and related zoning code provisions in response to citizen concern about the role of mass transit and residential densities on Main Street. That process continued into the next fiscal year.

Foothills

In FY 2008-2009, the City Council initiated a process for preparing a management plan for the foothills area along the east side of the community. This process continued into FY 2009-2010, but was suspended while the City Council focused on the two areas mentioned above—i.e., west of I-15 and Main Street. This planning process will likely be reactivated in FY 2010-2011. This “Foothills Management Plan,” when completed, will identify acceptable uses of the public and private land in this area and will include policies for the wise management of these uses. It may also recommend areas acceptable for annexation.

Public Works

City staff completed a comprehensive study of the culinary water system, resulting in an update of the water system master plan. Staff also continued implementation of the master plans for street maintenance, water system improvements and drainage facilities.

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 Drainage Master Plan includes construction of a debris basin in Centerville Canyon to protect nearly 200 homes in the 100-year hazard zone from debris flows. In FY 2009-2010, Davis County officials agreed to fund the construction of this \$2 million facility; Centerville City funded project design. Construction is scheduled for completion in April 2011. Upon completion, FEMA's flood insurance rate map will be amended to remove these homes from the hazard zone.

In FY 2009-2010, the City was awarded another Community Development Block Grant to fund a second phase of street and drainage improvements in the Pheasantbrook neighborhood. This work was scheduled for the fall of 2010.

Performing Arts Center

The Redevelopment Agency (RDA) of Centerville continued construction of the Davis Center for the Performing Arts. This \$14 million facility is being funded with a Recreation, Arts and Park (RAP) tax approved by Centerville and Bountiful voters, RDA property tax increment and County tourism taxes. The RDA 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, City Hall was expanded and remodeled. The \$825,000 project included a 3,400 square-foot addition, significant remodeling of the lower level, and enhancement of accessory structures on City Hall property. Construction was completed in November 2009 and was fully funded with cash reserves.

Curbside Recycling

The City began a new curbside recycling service for Centerville residents in August 2009. 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.

A second form of recycling—for green waste—was offered to residents in 2010. Approximately 20 percent of residents are participating in this voluntary program. Residents pay \$5.50 per month for weekly curbside pickup of grass clippings, leaves, etc.

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 began drawing upon sales tax pledges in January 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 2009-2010. However, in 2010, eight of the UTOPIA cities, including Centerville, created the Utah Infrastructure Agency (UIA) for the purpose of financing and constructing additional fiber optic infrastructure in those cities, to carry telecom services offered by the UTOPIA service providers. Using the UIA business model, Centerville is expected to receive UTOPIA services some time in 2011.

Cemetery Expansion

The City Council approved an expansion of the City Cemetery in January 2010. An area adjacent to 400 South Street was platted, making 344 burial spaces available for sale, some of which are designated for double-depth burials. Staff estimate the sale of burial rights in this new area will add more than \$200,000 to the Cemetery Perpetual Care Fund balance.

Financial Policies

Financial policy dictates that 5% to 18% of general fund revenue be kept in the unreserved fund balance of the general fund. Each year's budget plan targets an amount within that range and may be higher or lower depending on operational and capital needs. The fund balance as of June 30, 2010 was 14.5% of revenue. The Council and management attempts to finance operations and capital on a pay as you go basis if possible. The City issued a sales tax revenue bond of \$11,655,000 for the construction of the Cultural Art Center. The City has identified new and existing revenue sources for the retirement of this debt.

The City uses several capital improvement plans including, streets, water, storm water, parks and capital facility plans to focus and plan for upcoming projects and required funding. These plans are reviewed annually and modification of these plans takes place periodically.

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, 2009. This was the eleventh 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,

A handwritten signature in cursive script that reads "Blaine L. Lutz".

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

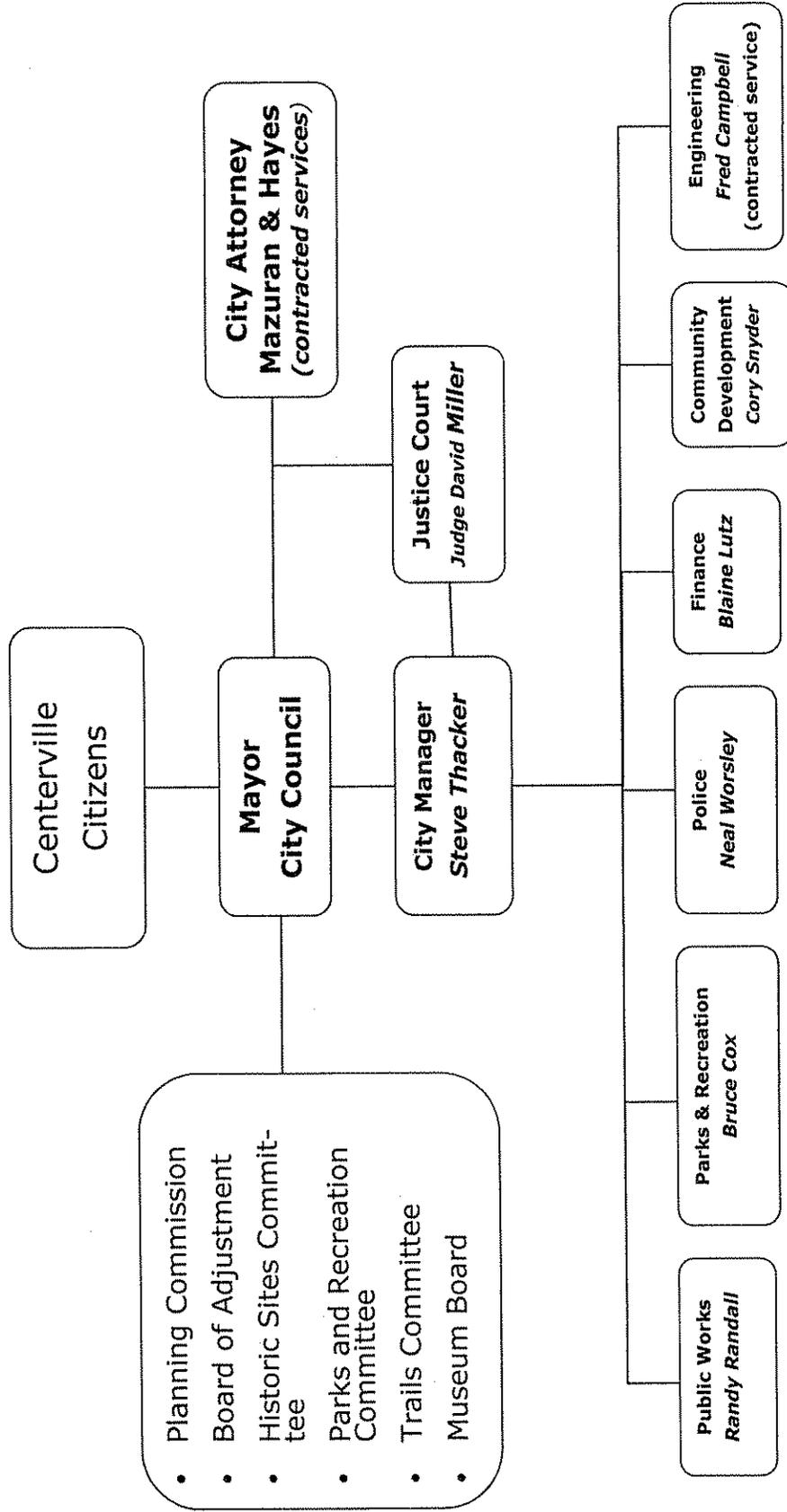
Police Chief
Public Works Director
Parks/Recreation Director
Community Development Director

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, 2009

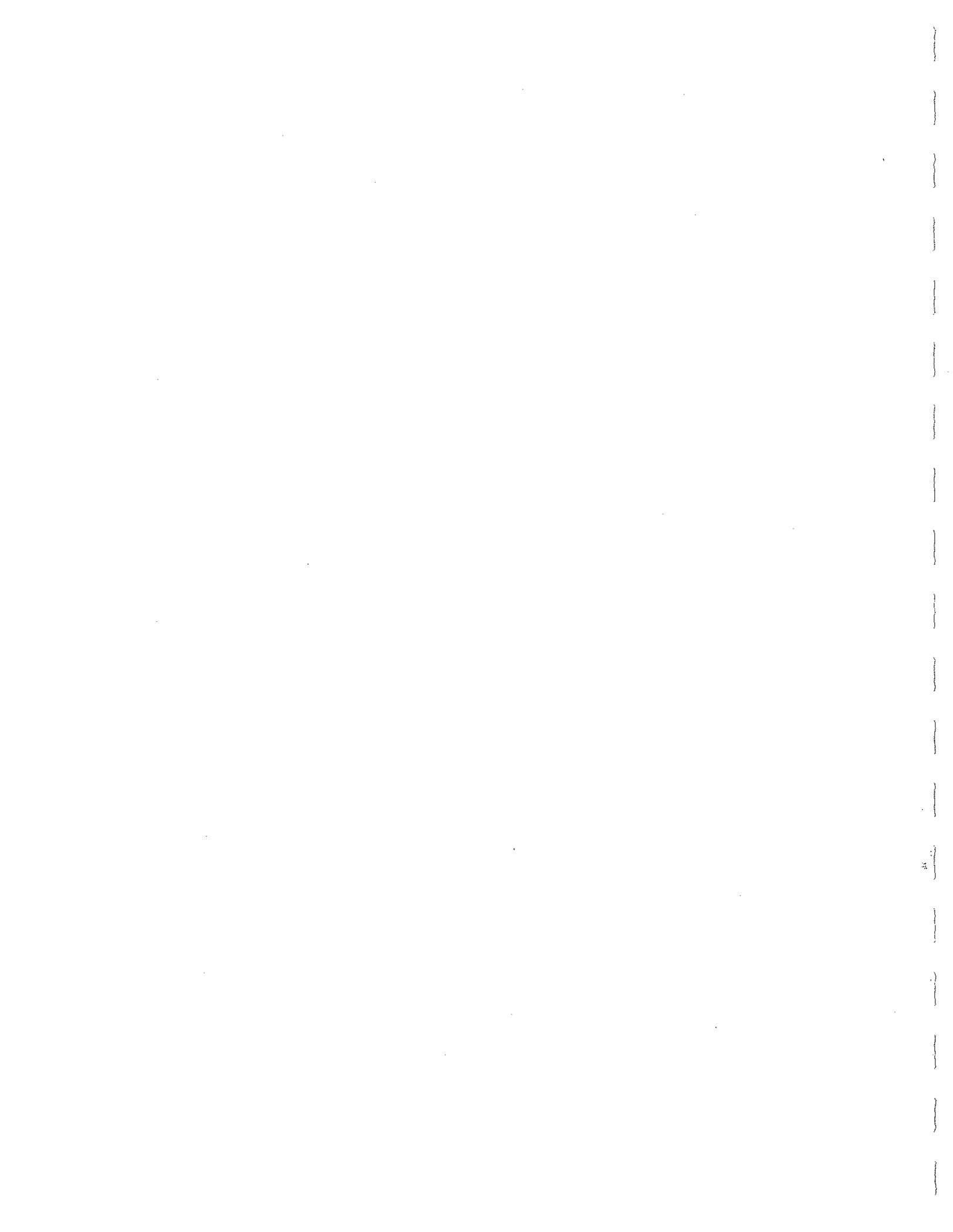
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

FINANCIAL SECTION



Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

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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, 2010, 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, 2010, 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, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 13 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's 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 and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and the 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, 2010

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, 2010.

Financial Highlights

The assets of Centerville City exceeded its liabilities at June 30, 2010 by \$35,894,973 (net assets). Of this amount, \$32,447,774 is invested in capital assets net of debt, \$7,105,580 is restricted for debt service or construction. Unrestricted net assets are a negative \$3,658,381 reflecting the significant amount that the City has restricted for construction. Until the City expends the funds for construction it cannot recognize the asset. Also, governmental funds are carrying the burden of the sales tax bonds, which will be repaid by revenues received for that purpose.

Centerville's total net assets increased \$1,920,562 from the prior year a 5.65% increase. The City's net assets are significantly restructured due to the construction and financing of the Davis Center for the Performing Arts. Investment in Capital Assets Net of Debt increased by \$4,696,432 from the prior year, primary due to the partial completion of the Arts Center. Conversely, Restricted Net Assets for Debt and Construction decreased by \$7,456,567. Unrestricted Net Assets changed from a negative \$8,339,078 to a negative \$3,658,381.

Centerville's governmental funds reported a combined ending fund balances of \$8,907,939 at June 30, 2010, a \$8,677,116 decrease from the previous year, primarily due to the expenditures for the construction of the Davis Center for the Performing Arts. Reserved balances for Debt Service or Construction decreased \$7,665,321. Of the ending fund balances, \$2,454,805 is available for spending at the City's discretion (unreserved fund balance), a \$126,688 decrease from the previous period. The decrease is primarily due to the decreases in capital project reserves, \$459,216.

At June 30, 2010, unreserved fund balance of the general fund was \$1,341,737, a \$129,808 increase. The unrestricted general fund balance equaled 18.73% 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, solid waste, and recycling.

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 fifteen (15) 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 twelve (12) 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. Budgets are also adopted for the other Non-major governmental type funds.

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 (recycling), 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 \$35,894,973 at June 30, 2010.

The largest portion of the City's net assets is \$32,447,774 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. This is a significant increase from the prior year, \$4,696,432. Primarily due to the construction of the Davis Center for the Performing Arts. 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 \$7,105,580 represents resources that are now subject to external restrictions on how they may be utilized.

Centerville City Net Assets

	Governmental Activities 2010	Governmental Activities 2009	Business-Type Activities 2010	Business-Type Activities 2009	Total 2010	Total 2009
Current and other assets	\$12,487,683	\$21,299,186	\$896,816	\$1,043,902	\$13,384,499	\$22,343,088
Capital assets	\$26,560,822	\$17,612,627	\$14,310,031	\$14,155,715	\$40,870,853	\$31,768,342
Total assets	\$39,048,505	\$38,911,813	\$15,206,847	\$15,199,617	\$54,255,352	\$54,111,430
Long-term liabilities	\$11,931,632	\$13,401,425	\$3,022,700	\$3,222,427	\$14,954,332	\$16,623,852
Other liabilities	\$3,346,541	\$3,451,268	\$59,506	\$61,899	\$3,406,047	\$3,513,167
Total liabilities	\$15,278,173	\$16,852,693	\$3,082,206	\$3,284,326	\$18,360,379	\$20,137,019
<u>Net assets</u>						
Invested in capital assets, net of related debt	\$21,086,743	\$16,749,627	\$11,361,031	\$11,001,715	\$32,447,774	\$27,751,342
Restricted	\$6,014,400	\$13,476,070	\$1,091,180	\$1,086,077	\$7,105,580	\$14,562,147
Unrestricted	(\$3,330,811)	(\$8,166,577)	(\$327,570)	(\$172,501)	(\$3,658,381)	(\$8,339,078)
Total net assets	\$23,770,332	\$22,059,120	\$12,124,641	\$11,915,291	\$35,894,973	\$33,974,411

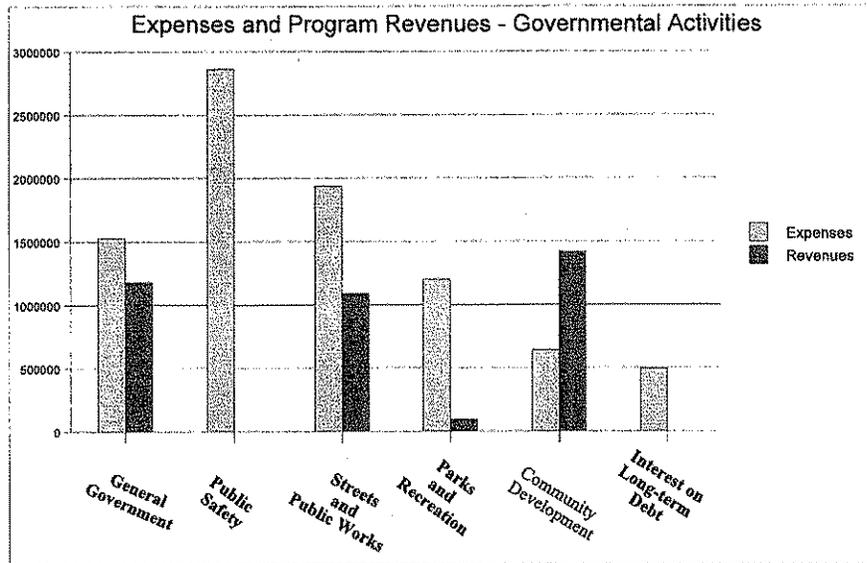
Centerville City Change in Net Assets

	Governmental Activities 2010	Governmental Activities 2009	Business-type Activities 2010	Business-type Activities 2009	Total 2010	Total 2009
Revenues						
Program revenues						
Charges for services	\$1,531,095	\$1,838,876	\$2,992,152	\$2,820,677	\$4,523,247	\$4,643,524
Operating grants and contributions		\$32,287				\$32,287
Capital grants and contributions	\$2,256,903	\$1,701,527	\$350,000		\$2,606,903	\$1,701,527
General revenue						
Property tax and uniform vehicle fees	\$2,385,839	\$1,933,965			\$2,385,839	\$1,933,965
Other taxes	\$3,699,348	\$4,544,104			\$3,699,348	\$4,544,104
Other	\$332,628	\$271,588	\$17,677	\$27,941	\$350,305	\$299,529
Total revenue	<u>\$10,205,813</u>	<u>\$10,322,338</u>	<u>\$3,359,829</u>	<u>\$2,848,618</u>	<u>\$13,565,642</u>	<u>\$13,154,936</u>
Expenses						
General government	\$1,529,197	\$1,209,582			\$1,529,197	\$1,209,582
Public Safety	\$2,865,721	\$2,366,183			\$2,865,721	\$2,366,183
Streets and public works	\$1,937,663	\$1,948,185			\$1,937,663	\$1,948,185
Parks and recreation	\$1,200,377	\$1,330,148			\$1,200,377	\$1,330,148
Community development	\$642,469	\$1,026,745			\$642,469	\$1,026,745
Interest on long-term debt	\$493,361	\$152,369			\$493,361	\$152,369
Water			\$1,674,851	\$1,601,430	\$1,674,851	\$1,601,430
Sanitation			\$818,314	\$655,091	\$818,314	\$655,091
Storm drain			\$483,127	\$382,484	\$483,127	\$382,484
Total expenses	<u>\$8,668,788</u>	<u>\$8,033,212</u>	<u>\$2,976,292</u>	<u>\$2,639,005</u>	<u>\$11,645,080</u>	<u>\$10,672,217</u>
Increase in net assets before transfers	\$1,537,025	\$2,289,126	\$383,537	\$209,613	\$1,920,562	\$2,498,739
Transfers	\$174,187	(\$549,751)	(\$174,187)	\$549,751		
Increase (decrease) in net assets	\$1,711,212	\$1,723,335	\$209,350	\$759,364	\$1,920,562	\$2,482,719
Net assets, beginning	\$22,059,120	\$20,319,745	\$11,915,291	\$11,155,927	\$33,974,411	\$31,475,672
Net assets, ending	<u>\$23,770,332</u>	<u>\$22,059,120</u>	<u>\$12,124,641</u>	<u>\$11,915,291</u>	<u>\$35,894,973</u>	<u>\$33,974,411</u>

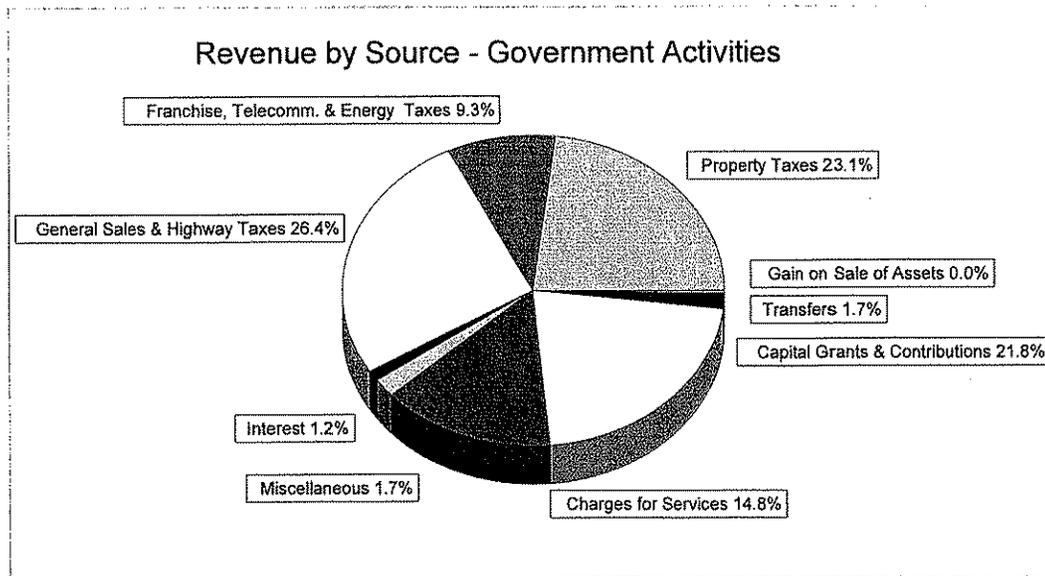
Governmental Activities

As noted in the table above, governmental activities increased net assets by \$1,711,212. 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.



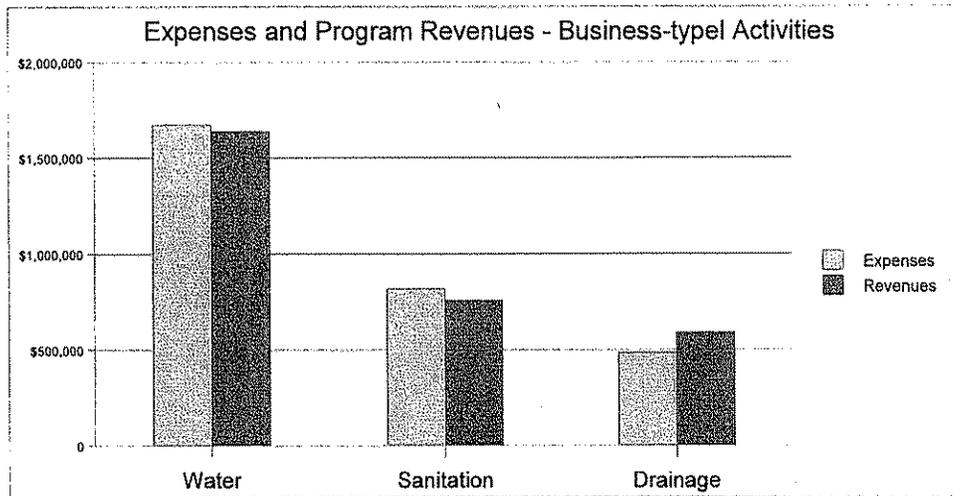
The following chart displays the major sources of governmental activity revenue. Taxes account for 58.80% of revenue that funds governmental activity in the current period.



Business-type activities

As noted in the table "Centerville City Changes in Net Assets" business-type activities increased net assets of \$209,350.

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 \$15,860.

Financial Analysis of the Governments Funds

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

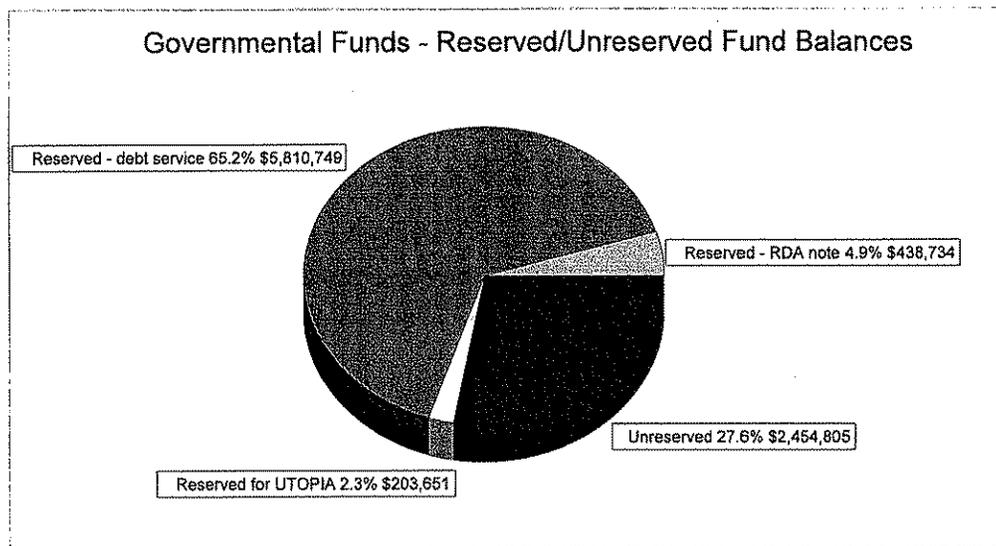
Governmental funds

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, 2010, the City's governmental funds reported a combined ending fund balance of \$8,907,939

a decrease of \$8,677,116 or approximately 49.34% less than the prior period. 65.23% of the total amount, or \$5,810,749, is Reserved for Debt Service or Construction. This is a \$7,665,321 decrease from the prior period, accounting for most of the reduction in combined fund balances, due to the ongoing construction of the Art Center. \$2,454,805 is unreserved, or 27.56%, which is available for spending at the government's discretion. This is a decrease of \$126,688, or 4.90% from the prior period. The decrease is due in part from the overall decrease in fund balances in the capital projects funds of \$459,216, with the completion of the City hall expansion. The RDA saw an increase in unreserved fund balance of \$202,558, from normal operations. The reserved fund balance of \$6,453,134 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.



The general fund is the primary operating fund of the City. At June 30, 2010, unreserved fund balance of the general fund was \$1,341,737 an increase of \$129,808, or 10.71%. The total general fund balance was \$1,984,122. Total fund balance decreased by \$147,010 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 17.29% of total general fund expenditures for the next fiscal year and total fund balance is equal to 25.57% of total general fund expenditures for the next fiscal year. The general fund has reserved fund balances for two purposes; Reserved for UTOPIA, \$203,651 and the Reserved for RDA note, \$438,734 which was reduced by \$93,091 as the RDA made a principal payment in that amount, and an interest payment on the note during the period.

The Redevelopment Agency fund, one of the other major governmental funds, had unreserved fund balance of \$961,349. The RDA no longer is holding a reserve for land in the amount of \$608,289, as the property is no longer for sale.

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 \$5,630,624. This is a reduction of \$7,640,246 as the work on the facility continued throughout the year.

Other Governmental funds had a net decrease in fund balances, of \$484,129. This was primarily due to the decreases in fund capital project fund balance of \$459,216, including the completion of the City Hall remodel.

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 \$9,133,983 at June 30, 2010. Total change in net assets decreased by \$135,376, or 1.46%.

Drainage Utility

Total net assets at June 30, 2010 were \$2,840,545. Total net assets increased by 17.00% or \$404,197. The increase is due to normal operations and investment in capital assets.

Other proprietary

Other non-major proprietary funds, Sanitation, net assets totaled \$150,113 a decrease of \$59,471 or 28.38%, at June 30, 2010. 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 \$8,300,036 (\$7,663,757 expenditures and \$636,279 transfers out) to \$8,412,281 which includes \$7,798,376 expenditures and \$613,905 transfers out. This reflects total increase of \$112,245 or 1.35%. This total budget was less than the previous year, \$8,782,742 reflecting the slowing economy and decrease in revenues.

Budget amendments in general operating expenditures netted a \$50,381 decrease. Relatively significant amendments were: Municipal council decrease \$(47,028), increase for fire services \$14,028, decrease ; streets and public works \$57,838.

Increases were funded by use of unreserved fund balance.

Total revenues had a negative variance between final amended budget to actual of 10.97%, or \$919,250, including transfers. The most significant category with a negative variance is taxes, \$1,061,211 under budget. This was due in part to RAP tax revenues of \$360,000 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 \$587,000. Revenue categories that had variances between the final amended budget and actual; Licenses and Permits a positive \$6,534, 2.77% was due to permits and charges for development in the City such as building permits and engineering fees. Intergovernmental revenues \$34,530, or 5.22%. Charges for services \$120,571, or 210.10%, due to development related fees. Fines and Forfeiture exceeded the final budget by \$1,948 or 100.34%. Fine revenue has been increasing steadily over the last number of years. Interest revenue was significantly under budget due to decreased cash reserves and low earning rate, \$138,024 under, or only 22.67% of budget. Transfers in were significantly above at the end of the period, \$139,312 or 106.46%. This was due to accounting for permits and fees paid by the Art Center construction fund to the City via transfer.

No expenditure categories had a negative variance from final budget to actual. All categories combined had a positive variance of \$968,726, 11.51%. Expenditures including transfers, exceeded sources of funds by \$115,510. Operating expenditures, not including transfers, decreased from the prior period by \$296,790. Transfer out to other funds, remained relatively the same from the prior period decreasing \$15,189 due to the reduced amount allocated for capital projects. The City recorded the beginning of the repayment of the Pledges to UTOPIA (reducing the amount reserved for this purpose).

Capital Assets and Debt Administration

Centerville City's investment in capital assets for governmental and business-type activities at June 30, 2010 was \$40,870,853 (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 \$9,102,511 or 28.65%. Governmental activities increased capital assets (net of depreciation) \$8,948,195 or 50.81%, to \$26,560,822 of total assets (net of depreciation). Business type activities increased capital assets (net of depreciation) \$154,316 or 1.09% to \$14,310,031.

Major capital asset events during the current year were:

- 1) Governmental activities increased significantly in non-depreciated assets including land and construction in progress. The City recognized the land for the Davis Center for the Performing Arts, in the amount of \$608,289 accounting for a significant portion of the \$1,401,708 increase. The \$6,889,077 increase to construction in progress is primarily the Art Center. The significant increase to governmental activities (before depreciation); Buildings increase of \$795,636, the City Hall remodel; investment in infrastructure, \$325,689.
- 2) Investment of business type activities in water distribution systems and sub-drain systems increased by the amount of \$154,316 (after depreciation). Prior to depreciation, Water distribution systems increased by \$142,809, 1.30%; Sub-drain systems by \$200,000, 10.30%; Storm Drain Systems increased by \$205,588, 14.62%. Total depreciation increased by \$424,739.

Centerville City Capital Assets
(Net of depreciation)

	Governmental Activities 2010	Governmental Activities 2009	Business-Type Activities 2010	Business-Type Activities 2009	Total 2010	Total 2009
Land	\$7,444,402	\$6,042,694	\$177,122	\$177,122	\$7,621,524	\$6,219,816
Buildings	\$4,032,446	\$3,358,174	\$1,857,132	\$1,906,783	\$5,889,578	\$5,264,957
Improvements other than buildings	\$5,560	\$6,378	\$48,617	\$48,617	\$54,177	\$54,995
Machinery & equipment	\$447,454	\$560,519	\$334,442	\$380,408	\$781,896	\$940,927
Distribution & collection systems	\$0	\$0	\$11,892,718	\$11,642,785	\$11,892,718	\$11,642,785
Autos & trucks	\$789,846	\$913,686	\$0	\$0	\$789,846	\$913,686
Infrastructure	\$5,553,587	\$5,340,309	\$0	\$0	\$5,553,587	\$5,340,309
Furniture & fixtures	\$81,700	\$74,117	\$0	\$0	\$81,700	\$74,117
Construction in Process	\$8,205,827	\$1,316,750	\$0	\$0	\$8,205,827	\$1,316,750
Total	\$26,560,822	\$17,612,627	\$14,310,031	\$14,155,715	\$40,870,853	\$31,768,342

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, 2010, the long term outstanding bonds payable of the City was \$13,954,000. None of this amount is considered general obligation debt. This is a decrease from the prior period of \$1,510,000. All of the debt is considered revenue bonds (\$11,005,000 governmental activities and \$2,949,000 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 Activities 2010	Governmental Activities 2009	Business-type Activities 2010	Business-type Activities 2009	Total 2010	Total 2009
Compensated Absences	\$386,938	\$408,122	\$73,700	\$68,427	\$460,638	\$476,549
Note Payable	\$104,000	\$208,000	\$0	\$0	\$104,000	\$208,000
Revenue bonds	\$11,440,694	\$12,785,303	\$2,949,000	\$3,154,000	\$14,389,694	\$15,939,303
Total	\$11,931,632	\$13,401,425	\$3,022,700	\$3,222,427	\$14,954,332	\$16,623,852

Additional information on the City's long-term debt 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, 2011, the Utah and local economy was still sluggish, with some indication of improvement. 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 7.2%. The construction and construction related industries are affected the most. The struggling national and state economy is expected to begin to rebound in 2011. Housing construction has slowed significantly in the State, and is struggling to rebound. Commercial construction has also slowed significantly. However, there is some construction within the City and more anticipated with the construction of a commercial development, Legacy Crossing at Parrish Lane.

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 increases in 2010-2011. Sales tax revenues are still expected to be similar to levels in 2007-2008. The new retail space enhanced the City's sales tax base. The City has actually fared better in the economic downturn than 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 benefitting from the completion of the Legacy Parkway in the fall of 2008. The Legacy Crossing at Parrish Lane development will add sales tax base to the City beginning in the fall of 2011.

3. No new fees or tax increases are included in the fiscal year 2010-2011 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 January of 2011, at cost of \$14,000,000. The City will also likely commence a major reconstruction of a major intersection, with a grant from the State of Utah, approaching \$1,000,000.

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, 2010

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,834,063	\$ 953,574	\$ 2,787,637
Receivables:			
Property and other taxes	2,463,692	-	2,463,692
Accounts	223,212	270,585	493,797
Prepays and other	4,821	32,355	37,176
Internal balances	1,506,405	(1,506,405)	-
Due from other governments	95,215	-	95,215
Bond issuance costs	307,866	55,527	363,393
Restricted assets:			
Cash and cash equivalents	6,051,784	1,091,180	7,142,964
Special assessment receivables	625	-	625
Water stock and rights	-	48,617	48,617
Land	7,444,402	177,122	7,621,524
Buildings	5,630,429	2,373,680	8,004,109
Improvements other than buildings	62,283	984,857	1,047,140
Machinery and equipment	1,428,939	1,356,685	2,785,624
Distribution and collection systems	-	14,495,976	14,495,976
Autos and trucks	2,051,931	-	2,051,931
Furniture and fixtures	111,575	-	111,575
Infrastructure	5,945,355	-	5,945,355
Construction in progress	8,205,827	-	8,205,827
Accumulated depreciation	(4,319,919)	(5,126,906)	(9,446,825)
Total assets	39,048,505	15,206,847	54,255,352
<u>LIABILITIES</u>			
Accounts payable	551,424	-	551,424
Accrued interest payable	74,663	49,186	123,849
Accrued liabilities	201,938	2,567	204,505
Unearned revenue	2,024,097	-	2,024,097
Deposits and bonds held	494,419	7,753	502,172
Non-current liabilities:			
Due within one year	1,813,159	240,490	2,053,649
Due in more than one year	10,118,473	2,782,210	12,900,683
Total liabilities	15,278,173	3,082,206	18,360,379
<u>NET ASSETS</u>			
Invested in capital assets, net of debt	21,086,743	11,361,031	32,447,774
Restricted for			
UTOPIA	203,651	-	203,651
Debt service and construction	5,810,749	1,091,180	6,901,929
Unrestricted	(3,330,811)	(327,570)	(3,658,381)
Total net assets	\$ 23,770,332	\$ 12,124,641	\$ 35,894,973

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

CENTERVILLE CITY CORPORATION
Statement of Activities
For the Year Ended June 30, 2010

	Program Revenues		Net (Expense) Revenues and Changes in Net Assets	
	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
GOVERNMENTAL ACTIVITIES				
General government	\$ 1,529,197	\$ -	\$ (347,089)	\$ (347,089)
Public safety	2,865,721	-	(2,865,721)	(2,865,721)
Streets and public works	1,937,663	1,080,000	(847,112)	(847,112)
Parks and recreation	1,200,377	-	(1,104,225)	(1,104,225)
Community development	642,469	1,176,903	776,718	776,718
Interest on long-term debt	493,361	-	(493,361)	(493,361)
Total governmental activities	8,668,788	1,531,095	(4,880,790)	(4,880,790)
BUSINESS-TYPE ACTIVITIES				
Water	1,674,851	-	\$ (32,442)	(32,442)
Sanitation	818,314	-	(60,108)	(60,108)
Storm drain	483,127	350,000	458,410	458,410
Total business-type activities	2,976,292	2,992,152	365,860	365,860

GENERAL REVENUES AND TRANSFERS

General Revenues:				
Taxes:				
Property taxes		2,385,839	-	2,385,839
Franchise taxes		966,412	-	966,412
General sales taxes and highway sales taxes		2,732,936	-	2,732,936
Gain on sale of capital assets		3,131	-	3,131
Interest income		121,520	17,677	139,197
Miscellaneous		207,977	-	207,977
Transfers, net		174,187	(174,187)	-
Total general revenues and transfers		6,592,002	(156,510)	6,435,492
Change in net assets		1,711,212	209,350	1,920,562
Net assets - beginning		22,059,120	11,915,291	33,974,411
Net assets - ending		\$ 23,770,332	\$ 12,124,641	\$ 35,894,973

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

CENTERVILLE CITY CORPORATION
Balance Sheets – Governmental Funds
June 30, 2010

	General	Special Revenue		Other Governmental	Totals Governmental Funds
		Redevelopment Agency	Arts Center		
ASSETS					
Cash and cash equivalents	\$ 189,931	\$ 1,354,766	\$ -	\$ 289,366	\$ 1,834,063
Receivables:					
Sales, property and franchise taxes	1,496,548	967,144	-	-	2,463,692
Accounts	223,212	-	-	-	223,212
Class C road funds	95,215	-	-	-	95,215
Due from other funds	1,682,061	-	-	-	1,682,061
Prepaid and other	4,821	-	-	-	4,821
Note receivable - interfund	438,734	-	-	-	438,734
Restricted assets:					
Cash and cash equivalents	203,651	-	5,634,921	213,212	6,051,784
Special assessments receivables	-	-	-	625	625
Total assets	<u>\$ 4,334,173</u>	<u>\$ 2,321,910</u>	<u>\$ 5,634,921</u>	<u>\$ 503,203</u>	<u>\$ 12,794,207</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 551,424	\$ -	\$ -	\$ -	\$ 551,424
Accrued liabilities	201,938	-	-	-	201,938
Payable from restricted assets:					
Deferred revenue	205,974	-	-	-	205,974
Deferred revenue - property taxes	896,296	921,827	-	-	1,818,123
Due to other funds	-	-	4,297	171,359	175,656
Deposits/bonds held	494,419	-	-	-	494,419
Note payable - interfund	-	438,734	-	-	438,734
Total liabilities	<u>2,350,051</u>	<u>1,360,561</u>	<u>4,297</u>	<u>171,359</u>	<u>3,886,268</u>
Fund balances					
Reserved:					
Reserved for UTOPIA	203,651	-	-	-	203,651
Reserved for RDA note	438,734	-	-	-	438,734
Reserved for debt service and construction	-	-	5,630,624	180,125	5,810,749
Unreserved reported in:					
General fund	1,341,737	-	-	-	1,341,737
Redevelopment Agency fund	-	961,349	-	-	961,349
Special revenue funds	-	-	-	46,964	46,964
Capital projects funds	-	-	-	104,755	104,755
Total fund balances	<u>1,984,122</u>	<u>961,349</u>	<u>5,630,624</u>	<u>331,844</u>	<u>8,907,939</u>
Total liabilities and fund balances	<u>\$ 4,334,173</u>	<u>\$ 2,321,910</u>	<u>\$ 5,634,921</u>	<u>\$ 503,203</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.	26,560,822
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	307,866
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(12,006,295)
Net assets of governmental activities	<u>\$ 23,770,332</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, 2010

	<u>Special Revenue</u>			<u>Other Governmental</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Redevelopment Agency</u>	<u>Arts Center</u>		
<u>REVENUES</u>					
Taxes	\$ 4,733,878	\$ 1,091,541	\$ -	\$ 259,768	\$ 6,085,187
Special assessments	-	-	-	10,551	10,551
Licenses and permits	242,284	-	-	-	242,284
Intergovernmental	695,430	-	-	481,473	1,176,903
Charges for services	207,946	-	-	173,193	381,139
Fines and forfeitures	576,948	-	-	-	576,948
Charges for services - other funds	503,900	-	-	-	503,900
Interest	40,476	-	76,331	4,713	121,520
Miscellaneous	181,183	-	-	26,794	207,977
Total revenues	<u>7,182,045</u>	<u>1,091,541</u>	<u>76,331</u>	<u>956,492</u>	<u>9,306,409</u>
<u>EXPENDITURES</u>					
Current operating:					
General government	1,308,162	63,149	-	3,685	1,374,996
Public safety	2,837,137	-	-	-	2,837,137
Streets and public works	1,813,865	-	-	-	1,813,865
Community development	342,511	255,523	-	-	598,034
Parks and recreation	860,195	-	-	180,121	1,040,316
Capital outlay	-	-	7,208,051	536,233	7,744,284
Debt service:					
Principal retirement	-	-	-	1,418,953	1,418,953
Interest and fiscal charges	-	31,909	-	460,577	492,486
Total expenditures	<u>7,161,870</u>	<u>350,581</u>	<u>7,208,051</u>	<u>2,599,569</u>	<u>17,320,071</u>
Excess (deficiency) of revenues over expenditures	<u>20,175</u>	<u>740,960</u>	<u>(7,131,720)</u>	<u>(1,643,077)</u>	<u>(8,013,662)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	270,160	359,488	-	1,273,348	1,902,996
Sale of capital assets	9,326	-	-	-	9,326
UTOPIA pledge payment	(183,727)	-	-	-	(183,727)
Transfers out	(262,944)	(1,506,179)	(508,526)	(114,400)	(2,392,049)
Total other financing sources (uses)	<u>(167,185)</u>	<u>(1,146,691)</u>	<u>(508,526)</u>	<u>1,158,948</u>	<u>(663,454)</u>
Net change in fund balance	<u>(147,010)</u>	<u>(405,731)</u>	<u>(7,640,246)</u>	<u>(484,129)</u>	<u>(8,677,116)</u>
Fund balance - beginning of year	<u>2,131,132</u>	<u>1,367,080</u>	<u>13,270,870</u>	<u>815,973</u>	<u>17,585,055</u>
Fund balance - end of year	<u>\$ 1,984,122</u>	<u>\$ 961,349</u>	<u>\$ 5,630,624</u>	<u>\$ 331,844</u>	<u>\$ 8,907,939</u>

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, 2010

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) \$ (8,677,116)

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. 8,954,390

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the 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. 1,440,133

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. (6,195)

Change in net assets of governmental activities (page 26) \$ 1,711,212

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, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<u>REVENUES</u>				
Taxes	\$ 5,795,089	\$ 5,795,089	\$ 4,733,878	\$ (1,061,211)
Licenses and permits	235,750	235,750	242,284	6,534
Intergovernmental	660,900	660,900	695,430	34,530
Charges for services	87,375	87,375	207,946	120,571
Fines and forfeitures	575,000	575,000	576,948	1,948
Charges for services - other funds	503,900	503,900	503,900	-
Interest	178,500	178,500	40,476	(138,024)
Miscellaneous	66,174	178,419	181,183	2,764
Total revenues	<u>8,102,688</u>	<u>8,214,933</u>	<u>7,182,045</u>	<u>(1,032,888)</u>
<u>EXPENDITURES</u>				
Current operating:				
General government:				
Administration	429,454	435,589	397,326	38,263
Municipal council	111,008	66,480	66,166	314
Finance	447,177	458,339	452,267	6,072
Legal	389,651	393,505	392,403	1,102
Total general government	<u>1,377,290</u>	<u>1,353,913</u>	<u>1,308,162</u>	<u>45,751</u>
Fire	704,000	718,028	718,028	-
Public safety	2,158,630	2,158,152	2,119,109	39,043
Streets and public works	2,110,243	2,052,405	1,813,865	238,540
Community development	402,242	406,989	342,511	64,478
Parks and recreation	911,352	923,889	860,195	63,694
Total expenditures	<u>7,663,757</u>	<u>7,613,376</u>	<u>7,161,870</u>	<u>451,506</u>
Excess (deficiency) of revenues over expenditures	438,931	601,557	20,175	(581,382)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	130,848	130,848	270,160	139,312
Transfers out	(636,279)	(613,905)	(262,944)	350,961
UTOPIA pledge payment	-	(185,000)	(183,727)	1,273
Sale of capital assets	35,000	35,000	9,326	(25,674)
Total other financing sources (uses)	<u>(470,431)</u>	<u>(633,057)</u>	<u>(167,185)</u>	<u>465,872</u>
Net change in fund balance	(31,500)	(31,500)	(147,010)	(115,510)
Fund balance - beginning of year	2,131,132	2,131,132	2,131,132	-
Fund balance - end of year	<u>\$ 2,099,632</u>	<u>\$ 2,099,632</u>	<u>\$ 1,984,122</u>	<u>\$ (115,510)</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Taxes	\$ 1,105,000	\$ 1,105,000	\$ 1,091,541	\$ (13,459)
Total revenues	<u>1,105,000</u>	<u>1,105,000</u>	<u>1,091,541</u>	<u>(13,459)</u>
<u>EXPENDITURES</u>				
Current operating:				
General government	500	500	63,149	(62,649)
Community development	624,500	624,500	255,523	368,977
Debt service:				
Interest and fiscal charges	-	-	31,909	(31,909)
Total expenditures	<u>625,000</u>	<u>625,000</u>	<u>350,581</u>	<u>274,419</u>
Excess (deficiency) of revenues over expenditures	<u>480,000</u>	<u>480,000</u>	<u>740,960</u>	<u>260,960</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	359,488	359,488
Transfers out	(830,000)	(830,000)	(1,506,179)	(676,179)
Total other financing sources (uses)	<u>(830,000)</u>	<u>(830,000)</u>	<u>(1,146,691)</u>	<u>(316,691)</u>
Net change in fund balance	(350,000)	(350,000)	(405,731)	(55,731)
Fund balance - beginning of year	<u>1,367,080</u>	<u>1,367,080</u>	<u>1,367,080</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,017,080</u>	<u>\$ 1,017,080</u>	<u>\$ 961,349</u>	<u>\$ (55,731)</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Interest	\$ 100,000	\$ 100,000	\$ 76,331	\$ (23,669)
Total revenues	<u>100,000</u>	<u>100,000</u>	<u>76,331</u>	<u>(23,669)</u>
<u>EXPENDITURES</u>				
Capital outlay	12,577,953	12,577,953	7,208,051	5,369,902
Total expenditures	<u>12,577,953</u>	<u>12,577,953</u>	<u>7,208,051</u>	<u>5,369,902</u>
Excess (deficiency) of revenues over expenditures	<u>(12,477,953)</u>	<u>(12,477,953)</u>	<u>(7,131,720)</u>	<u>5,346,233</u>
<u>OTHER FINANCING USES</u>				
Transfers out	-	-	(508,526)	(508,526)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(508,526)</u>	<u>(508,526)</u>
Net change in fund balance	(12,477,953)	(12,477,953)	(7,640,246)	4,837,707
Fund balance - beginning of year	<u>13,270,870</u>	<u>13,270,870</u>	<u>13,270,870</u>	<u>-</u>
Fund balance - end of year	<u>\$ 792,917</u>	<u>\$ 792,917</u>	<u>\$ 5,630,624</u>	<u>\$ 4,837,707</u>

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

CENTERVILLE CITY CORPORATION
Statement of Net Assets – Proprietary Funds
June 30, 2010

	Water Fund	Drainage Utility Fund	Other Proprietary Fund - Sanitation	Total Proprietary Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 640,405	\$ 269,018	\$ 44,151	\$ 953,574
Receivables:				
Accounts receivable, net	119,118	51,194	70,997	241,309
Unbilled receivables	29,276	-	-	29,276
Prepaid and other	32,355	-	-	32,355
Due from other funds	158,474	-	-	158,474
Total current assets	<u>979,628</u>	<u>320,212</u>	<u>115,148</u>	<u>1,414,988</u>
Noncurrent assets:				
Other assets:				
Restricted cash	495,307	595,873	-	1,091,180
Unamortized bond issuance costs	31,745	23,782	-	55,527
Total other assets	<u>527,052</u>	<u>619,655</u>	<u>-</u>	<u>1,146,707</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	11,149,757	-	-	11,149,757
Buildings and wells	2,373,680	-	-	2,373,680
Machinery and equipment	757,894	152,338	446,453	1,356,685
Sub-drain system	-	1,940,244	-	1,940,244
Storm drain system	-	1,405,975	-	1,405,975
Accumulated depreciation	(4,420,491)	(302,680)	(403,735)	(5,126,906)
Net property, plant and equipment	<u>11,071,436</u>	<u>3,195,877</u>	<u>42,718</u>	<u>14,310,031</u>
Total noncurrent assets	<u>11,598,488</u>	<u>3,815,532</u>	<u>42,718</u>	<u>15,456,738</u>
Total Assets	<u>12,578,116</u>	<u>4,135,744</u>	<u>157,866</u>	<u>16,871,726</u>
LIABILITIES				
Current liabilities:				
Accrued liabilities	1,380	-	-	1,380
Accrued interest payable	21,461	27,725	-	49,186
Compensated absences	22,490	-	-	22,490
Due to other funds	1,506,405	158,474	-	1,664,879
Bonds payable - current	195,000	23,000	-	218,000
Security deposits	-	-	7,753	7,753
Due to subdividers	1,187	-	-	1,187
Total current liabilities	<u>1,747,923</u>	<u>209,199</u>	<u>7,753</u>	<u>1,964,875</u>
Long-term liabilities:				
Bonds payable	1,645,000	1,086,000	-	2,731,000
Compensated absences	51,210	-	-	51,210
Total long-term liabilities	<u>1,696,210</u>	<u>1,086,000</u>	<u>-</u>	<u>2,782,210</u>
Total Liabilities	<u>3,444,133</u>	<u>1,295,199</u>	<u>7,753</u>	<u>4,747,085</u>
NET ASSETS				
Invested in capital assets, net of related debt	9,231,436	2,086,877	42,718	11,361,031
Restricted for debt service and development	495,307	595,873	-	1,091,180
Unrestricted	(592,760)	157,795	107,395	(327,570)
Total Net Assets	<u>\$ 9,133,983</u>	<u>\$ 2,840,545</u>	<u>\$ 150,113</u>	<u>\$ 12,124,641</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, 2010

	Water Fund	Drainage Utility Fund	Other Proprietary Fund - Sanitation	Total Proprietary Funds
<u>OPERATING REVENUES</u>				
Charges for services	\$ 1,519,385	\$ 546,537	\$ 755,622	\$ 2,821,544
Connection and servicing	10,858	-	2,170	13,028
Miscellaneous	(13,641)	45,000	414	31,773
Total operating revenues	<u>1,516,602</u>	<u>591,537</u>	<u>758,206</u>	<u>2,866,345</u>
<u>OPERATING EXPENSES</u>				
Salaries and wages	280,796	16,237	-	297,033
Employee benefits	132,941	9,614	-	142,555
Water purchases	67,374	-	-	67,374
Utility costs	99,371	518	-	99,889
Maintenance and supplies	273,916	214,920	109,213	598,049
Tipping fees and contractual services	-	4,769	600,317	605,086
Professional and technical services	35,321	18,704	480	54,505
Administration and overhead	361,981	94,704	89,887	546,572
Depreciation	334,180	77,612	18,417	430,209
Total operating expenses	<u>1,585,880</u>	<u>437,078</u>	<u>818,314</u>	<u>2,841,272</u>
Operating income (loss)	<u>(69,278)</u>	<u>154,459</u>	<u>(60,108)</u>	<u>25,073</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Development and construction fees	125,807	-	-	125,807
Interest revenue	11,253	5,787	637	17,677
Interest expense	(88,971)	(46,049)	-	(135,020)
Total non-operating revenues (expenses)	<u>48,089</u>	<u>(40,262)</u>	<u>637</u>	<u>8,464</u>
Income before contributions and transfers	(21,189)	114,197	(59,471)	33,537
Transfers in	9,726	-	-	9,726
Transfers out	(123,913)	(60,000)	-	(183,913)
Developer contributions	-	350,000	-	350,000
Change in net assets	(135,376)	404,197	(59,471)	209,350
Total net assets, beginning of year	<u>9,269,359</u>	<u>2,436,348</u>	<u>209,584</u>	<u>11,915,291</u>
Total net assets, end of year	<u>\$ 9,133,983</u>	<u>\$ 2,840,545</u>	<u>\$ 150,113</u>	<u>\$ 12,124,641</u>

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

CENTERVILLE CITY CORPORATION
Statement of Cash Flows – Proprietary Funds
June 30, 2010

	Water Fund	Drainage Utility Fund	Other Proprietary Fund - Sanitation	Total Proprietary
<u>Cash flows from operating activities</u>				
Cash received from customers (including cash deposits)	\$ 1,514,483	\$ 590,786	\$ 741,188	\$ 2,846,457
Cash paid to suppliers	(829,771)	(328,859)	(799,897)	(1,958,527)
Cash paid to employees	(408,464)	(25,851)	-	(434,315)
Net cash provided (used) by operating activities	<u>276,248</u>	<u>236,076</u>	<u>(58,709)</u>	<u>453,615</u>
<u>Cash flows from non-capital financing activities</u>				
Transfers to other funds	(123,913)	(60,000)	-	(183,913)
Transfers from other funds	9,726	-	-	9,726
Increase (decrease) in amounts due to other funds	258,168	-	-	258,168
Net cash provided (used) by non-capital financing activities	<u>143,981</u>	<u>(60,000)</u>	<u>-</u>	<u>83,981</u>
<u>Cash flow from capital and related financing activities</u>				
Bond payments - principal	(190,000)	(15,000)	-	(205,000)
Bond payments - interest	(90,989)	(46,424)	-	(137,413)
Purchase of capital assets	(220,612)	(55,588)	(7,401)	(283,601)
Proceeds from sale of capital assets	49,076	-	-	49,076
Impact fees	125,807	-	-	125,807
Net cash provided (used) by capital and related financing activities	<u>(326,718)</u>	<u>(117,012)</u>	<u>(7,401)</u>	<u>(451,131)</u>
<u>Cash flow from investing activities</u>				
Interest earned on investments	11,253	5,787	637	17,677
Net cash provided by investing activities	<u>11,253</u>	<u>5,787</u>	<u>637</u>	<u>17,677</u>
Net increase (decrease) in cash and cash equivalents	104,764	64,851	(65,473)	104,142
Cash and cash equivalents at beginning of year	1,030,948	800,040	109,624	1,940,612
Cash and cash equivalents at end of year	<u>\$ 1,135,712</u>	<u>\$ 864,891</u>	<u>\$ 44,151</u>	<u>\$ 2,044,754</u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>				
Operating income (loss)	\$ (69,278)	\$ 154,459	\$ (60,108)	25,073
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	342,372	82,368	18,417	443,157
Decrease (increase) in accounts receivable	(2,119)	(751)	(17,018)	(19,888)
Increase (decrease) in compensated absences	5,273	-	-	5,273
Total adjustments	<u>345,526</u>	<u>81,617</u>	<u>1,399</u>	<u>428,542</u>
Net cash provided (used) by operating activities	<u>\$ 276,248</u>	<u>\$ 236,076</u>	<u>\$ (58,709)</u>	<u>\$ 453,615</u>
Capital and related financing activities not affecting cash:				
Developer contribution of capital assets	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 350,000</u>

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

CENTERVILLE CITY CORPORATION
Statement of Net Assets – Fiduciary Fund
June 30, 2010

	<u>Trust Fund</u> <u>Total</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 25,634
Total assets	<u>25,634</u>
<u>NET ASSETS</u>	
Unrestricted	<u>25,634</u>
Total net assets	<u>\$ 25,634</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, 2010

	Trust Fund Total
<u>ADDITIONS</u>	
Miscellaneous:	
Donations	\$ 6,841
Transfer in	54,951
Total additions	61,792
<u>DEDUCTIONS</u>	
Administrative	41,567
Total deductions	41,567
Change in net assets	20,225
Net assets - beginning	5,409
Net assets - ending	\$ 25,634

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, 2010

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, 2010

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, 2010

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, 2010

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, 2010 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, 2010

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, 2010

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	\$ 30,880,741
Accumulated depreciation	<u>(4,319,919)</u>
Total difference	<u><u>\$ 26,560,822</u></u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2010

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, 2010 were:

Sales tax revenue bonds	\$ 10,535,000
Bond issuance premium	435,694
Lease revenue refunding bonds	470,000
Long-term debt - land purchase	104,000
Interest payable on long-term debt	74,663
Compensated absences	<u>386,938</u>
Total difference	<u><u>\$ 12,006,295</u></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	\$ 8,412,768
Developer contributions	1,080,000
Depreciation expense	<u>(538,378)</u>
Net difference, as reported	<u><u>\$ 8,954,390</u></u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2010

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.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2010

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

State law requires that departments or funds do not exceed the amounts appropriated in the final adopted budget. The Redevelopment Agency Special Revenue Fund had Other Financing Uses – Transfers Out in excess of budget of \$676,179. The Recreation Special Revenue Fund had expenditures in excess of budget of \$10,338. The Arts Center Special Revenue Fund had Other Financing Uses – Transfers Out in excess of budget of \$508,526. The Capital Projects Storm Drain Fund and Parks Improvements Fund had deficit fund balances of \$12,865 and \$37,141, respectively, at June 30, 2010. These deficits will be eliminated by increased revenues or transfers from other funds.

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.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2010

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

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, 2010, \$135,422 of the City's bank balance of \$385,422 was uninsured and uncollateralized.

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, 2010, the City had investments of \$8,146,550 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 \$203,651.

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	\$ 2,787,637
Restricted cash and cash equivalents	<u>7,142,964</u>
	<u>\$ 9,930,601</u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2010

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
Receivables:						
Taxes	\$1,496,548	\$ 967,144	\$ -	\$ -	\$ -	\$ 2,463,692
Accounts and other	223,212	-	174,489	53,194	76,997	527,892
Special assessments	-	-	-	-	625	625
Intergovernmental	95,215	-	-	-	-	95,215
Gross receivables	1,814,975	967,144	174,489	53,194	77,622	3,087,424
Less: allowance for uncollectibles	-	-	(26,095)	(2,000)	(6,000)	(34,095)
Net total receivables	<u>\$1,814,975</u>	<u>\$ 967,144</u>	<u>\$ 148,394</u>	<u>\$ 51,194</u>	<u>\$ 71,622</u>	<u>\$ 3,053,329</u>

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 governmental funds were as follows:

	Unavailable	Unearned
Property taxes receivable (General Fund)	\$ 896,296	\$ -
Property taxes receivable (RDA Fund)	921,827	-
Various prepayments received (General Fund)	-	205,974
Total deferred/unearned revenue for governmental funds	<u>\$1,818,123</u>	<u>\$ 205,974</u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2010

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>07/01/09</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/10</u>
<u>Governmental activities</u>				
Capital assets, not depreciated:				
Land	\$ 6,042,694	\$ 1,401,708	\$ -	\$ 7,444,402
Construction in progress	1,316,750	7,204,112	(315,035)	8,205,827
Total capital assets, not depreciated	<u>7,359,444</u>	<u>8,605,820</u>	<u>(315,035)</u>	<u>15,650,229</u>
Capital assets, depreciated:				
Buildings	4,834,793	795,636	-	5,630,429
Improvements	62,283	-	-	62,283
Infrastructure	5,619,666	325,689	-	5,945,355
Machinery and equipment	1,428,939	-	-	1,428,939
Autos and trucks	2,029,571	66,806	(44,446)	2,051,931
Furniture and fixtures	97,723	13,852	-	111,575
Total capital assets, depreciated	<u>14,072,975</u>	<u>1,201,983</u>	<u>(44,446)</u>	<u>15,230,512</u>
Less: accumulated depreciation:				
Buildings	(1,476,619)	(121,364)	-	(1,597,983)
Improvements	(55,905)	(818)	-	(56,723)
Infrastructure	(279,357)	(112,411)	-	(391,768)
Machinery and equipment	(868,420)	(113,065)	-	(981,485)
Autos and trucks	(1,115,885)	(184,451)	38,251	(1,262,085)
Furniture and fixtures	(23,606)	(6,269)	-	(29,875)
Total accumulated depreciation	<u>(3,819,792)</u>	<u>(538,378)</u>	<u>38,251</u>	<u>(4,319,919)</u>
Net governmental capital assets	<u>\$17,612,627</u>	<u>\$ 9,269,425</u>	<u>\$ (321,230)</u>	<u>\$26,560,822</u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2010

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets (Continued)

	<u>07/01/09</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/10</u>
<u>Business-type activities</u>				
Capital assets, not depreciated:				
Water stock and rights	\$ 48,617	\$ -	\$ -	\$ 48,617
Land	177,122	-	-	177,122
Total capital assets, not depreciated	<u>225,739</u>	<u>-</u>	<u>-</u>	<u>225,739</u>
Capital assets, depreciated:				
Reservoirs	984,857	-	-	984,857
Water distribution system	11,006,948	142,809	-	11,149,757
Sub-drain system	1,740,244	200,000	-	1,940,244
Storm drain system	1,200,387	205,588	-	1,405,975
Buildings and wells	2,373,680	-	-	2,373,680
Machinery and equipment	1,326,027	85,203	(54,545)	1,356,685
Total capital assets, depreciated	<u>18,632,143</u>	<u>633,600</u>	<u>(54,545)</u>	<u>19,211,198</u>
Less: accumulated depreciation:				
Reservoirs	(639,299)	(21,643)	-	(660,942)
Water distribution system	(2,466,021)	(217,986)	-	(2,684,007)
Sub-drain system	(120,360)	(34,816)	-	(155,176)
Storm drain system	(63,971)	(24,019)	-	(87,990)
Buildings and wells	(466,897)	(49,651)	-	(516,548)
Machinery and equipment	(945,619)	(82,094)	5,470	(1,022,243)
Total accumulated depreciation	<u>(4,702,167)</u>	<u>(430,209)</u>	<u>5,470</u>	<u>(5,126,906)</u>
Net business-type capital assets	<u>\$14,155,715</u>	<u>\$ 203,391</u>	<u>\$ (49,075)</u>	<u>\$14,310,031</u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2010

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		\$ 116,685
Public safety		95,390
Highways and public improvements		149,487
Parks, recreation, and public property		173,913
Community development		<u>2,903</u>
Total depreciation expense - governmental activities		<u>\$ 538,378</u>
Business-type activities:		
Water		\$ 334,180
Drainage Utility		77,612
Sanitation		<u>18,417</u>
Total depreciation expense - business-type activities		<u>\$ 430,209</u>

Interfund Receivable, Payables and Transfers

At June 30, 2010, 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	\$ 171,359
General	Water	1,506,405
General	Arts Center	4,297
Water	Drainage Utility	<u>158,474</u>
		<u>\$ 1,840,535</u>

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

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2010

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, 2010 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ 207,993
Water	Nonmajor Governmental Funds	53,065
Redevelopment Agency	Nonmajor Governmental Funds	1,506,179
Nonmajor Governmental Funds	Nonmajor Governmental Funds	114,400
Arts Center	Redevelopment Agency	359,488
General	Fiduciary Fund	54,951
Arts Center	General	139,312
Drainage Utility	General	60,000
Water	General	70,848
Arts Center	Water	9,726
		<u>\$ 2,575,962</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.

In the fund statements, there is a difference in transfers of \$608,289. This relates to a transfer of land held for resale from the Redevelopment Agency fund to the Arts Center Special Revenue fund, to be used as capital asset land.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2010

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds

The City has issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds.

Revenue bonds outstanding at June 30, 2010 by issue are as follows (in thousands):

<u>Bond Description</u>	<u>Original Issue</u>	<u>Annual Principal</u>	<u>Interest Rate</u>	<u>Final Due Date</u>	<u>Amount</u>
MBA Series 1998	\$ 2,515	\$75 to \$200	3.70% to 5.00%	8/1/2012	\$ 470
Sales Tax Revenue, Series 2009	11,655	\$570 to \$1,120	3.00% to 4.00%	5/1/2021	10,535
Water Series 2002	3,025	\$155 to \$270	3.00% to 5.00%	10/1/2017	1,840
Water Series 2003	1,142	\$1 to \$226	3.00%	10/1/2020	1,109
	<u>\$ 18,337</u>				<u>\$ 13,954</u>

Revenue bond debt service requirements to maturity are as follows (in thousands):

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2011	\$ 1,578	\$ 537	\$ 2,115
2012	1,621	472	2,093
2013	1,585	409	1,994
2014	1,614	345	1,959
2015	1,713	280	1,993
2016 - 2020	5,047	617	5,664
2021	796	40	836
	<u>\$ 13,954</u>	<u>\$ 2,700</u>	<u>\$ 16,654</u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2010

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010 was as follows:

	<u>07/01/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/10</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
MBA lease revenue	\$ 655,000	\$ -	\$ (185,000)	\$ 470,000	\$ 195,000
Sales tax revenue	11,655,000	-	(1,120,000)	10,535,000	1,165,000
Unamortized premium	475,303	-	(39,609)	435,694	39,609
Total bonds payable	12,785,303	-	(1,344,609)	11,440,694	1,399,609
Note payable	208,000	-	(104,000)	104,000	104,000
Compensated absences	408,122	251,509	(272,693)	386,938	309,550
Governmental activity long-term liabilities	<u>\$13,401,425</u>	<u>\$ 251,509</u>	<u>\$ (1,721,302)</u>	<u>\$11,931,632</u>	<u>\$ 1,813,159</u>
<u>Business-type activities</u>					
Bonds payable:					
Revenue bonds	\$ 3,154,000	\$ -	\$ (205,000)	\$ 2,949,000	\$ 218,000
Total bonds payable	3,154,000	-	(205,000)	2,949,000	218,000
Compensated absences	68,427	63,382	(58,109)	73,700	22,490
Business-type activity long-term liabilities	<u>\$ 3,222,427</u>	<u>\$ 63,382</u>	<u>\$ (263,109)</u>	<u>\$ 3,022,700</u>	<u>\$ 240,490</u>

Compensated absences for governmental activities are generally liquidated by the general fund.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2010

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 \$1,091,541 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies. There is \$438,734 outstanding debt of the RDA at June 30, 2010 due to the General Fund.

During the year ended June 30, 2010, funds expended by the RDA were limited to the categories of debt service, capital outlay and administration costs. Administrative costs totaled \$60,000, and capital outlay expenditures totaled \$258,672 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 statutes.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2010

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; 7.65% to the Local Government Contributory Retirement System (11.66% to the related Noncontributory Retirement System) and 23.34% 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, 2010, 2009 and 2008, were equal to the required contributions for each year. The contribution amounts are as follows:

	2010	2009	2008
Local Governmental Contributory Retirement System	\$ 18,806	\$ 18,809	\$ 18,357
Local Governmental Noncontributory Retirement System	182,587	180,895	168,052
Public Safety Retirements System for Employers with Social Security Coverage	171,127	180,974	184,682

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 \$5,336, \$4,677, and \$4,347 for the years ended June 30, 2010, 2009 and 2008, respectively.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2010

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 \$44,270, \$47,124, and \$44,527 for the years ended June 30, 2010, 2009 and 2008 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.

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, 2010 was \$2,428,371. The City's total payroll was \$3,059,092.

The City's required and actual contribution to this plan was \$84,993 for the fiscal year ended June 30, 2010, which represents 3.50% of covered payroll.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2010

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

InterLocal Agreements

Utah Telecommunications Open Infrastructure Network The City is one of 11 founding members of the Utah Telecommunications Open Infrastructure Network (UTOPIA), formed by an interlocal cooperative agreement organized under the laws of the State of Utah. UTOPIA was created to design, finance, build, operate and maintain an open, wholesale, public Telecommunication infrastructure that delivers high-speed connections to every home and business in the member communities. UTOPIA is jointly owned by the members. No equity investment has been recorded by the City since UTOPIA continues to report a net assets deficit. As of June 30, 2009 the net assets deficit was \$126,431,991. The audited financial statements for UTOPIA as of June 30, 2010 have not been released; however, a significant net assets deficit is anticipated.

The City is a pledging member and has pledged sales and use tax revenues to partially guarantee payment of UTOPIA's bonds. In return for the pledge, the City will be among the first cities to receive UTOPIA's services. In July 2008, UTOPIA issued a \$185,000,000 revenue bond. The first two years of bond payments will be made from a debt reserve fund. From that point on, until the bonds are due in July 2026, net revenues from UTOPIA will reimburse the debt service reserve fund for payments on the bond debt. To the extent that there are insufficient net revenues to pay the debt service, the 11 pledged members are required to reimburse the UTOPIA debt service fund of any shortfall by their respective percentages up to a specific dollar amount. Any amount paid by Pledging Members to UTOPIA to reimburse the debt service reserve fund will be a loan to be repaid by UTOPIA. As of June 30, 2010, the City's percentage of the Debt Service Reserve shortfall was 3.33% with a yearly liability maximum of \$403,028. Any bonds or debt issued or incurred by UTOPIA will not constitute debt of the City.

The City was required to deposit \$387,378 into the UTOPIA Series 2008 Bond Debt Service Reserve Fund. These funds will remain on deposit until the bonds are retired. The City is required to deposit additional funds if additional bonds are issued.

The City pledged sales and use tax revenue toward its share of any debt service fund shortfall increased to 3.33% in January 2010. The City's annual commitment increases by 2% each year, and ranges from \$183,727 in Fiscal Year 2010 to \$730,030 in Fiscal Year 2040. In January 2010, the Trustees of the UTOPIA bond funds notified the City that part of the UTOPIA Debt Service Reserve Fund was used to make required payments to the bondholders. Each month since then the City has received a similar notice. The City understands that these withdrawals will continue for an undetermined period of time and that replenishment payments will continue for the foreseeable future. The City is required to replenish its share of the amount withdrawn from the debt service reserve fund beginning January 2011. Monthly replenishment payments will be required between January 2011 and December 2011, totaling approximately \$219,587.

CENTERVILLE CITY CORPORATION
Combining Balance Sheet – Non-major Governmental Funds
June 30, 2010

	Special Revenue				Debt Service				
	Municipal Building Authority	Recreation	SID 400 West	City Hall Revenue	SID Guarantee	SID Chase Lane	SID Porter Lane	Land Purchase	Arts Center
<u>ASSETS</u>									
Cash and cash equivalents	\$ 818	\$ 46,146	\$ 1,510	\$ -	\$ 3,640	\$ 6,039	\$ 1,548	\$ -	\$ 74,904
Restricted assets:									
Cash and cash equivalents	-	-	-	213,212	-	-	-	-	-
Special assessments receivables	-	-	-	-	-	-	625	-	-
Total assets	\$ 818	\$ 46,146	\$ 1,510	\$ 213,212	\$ 3,640	\$ 6,039	\$ 2,173	\$ -	\$ 74,904
<u>LIABILITIES AND FUND BALANCES</u>									
Liabilities:									
Due to other funds	\$ -	\$ -	\$ -	\$ 21,591	\$ -	\$ -	\$ -	\$ -	\$ 99,762
Total liabilities	-	-	-	21,591	-	-	-	-	99,762
Fund Balances:									
Reserved:									
Reserved for debt service	-	-	1,510	191,621	3,640	6,039	2,173	-	(24,858)
Unreserved:									
Undesignated	818	46,146	-	-	-	-	-	-	-
Total fund balances	818	46,146	1,510	191,621	3,640	6,039	2,173	-	(24,858)
Total liabilities and fund balances	\$ 818	\$ 46,146	\$ 1,510	\$ 213,212	\$ 3,640	\$ 6,039	\$ 2,173	\$ -	\$ 74,904

(Continued)

CENTERVILLE CITY CORPORATION
Combining Balance Sheet – Non-major Governmental Funds (Continued)
June 30, 2010

	<u>Capital Projects</u>			Total Non-major Governmental Funds
	Storm Drain	Building	Park Improvements Fund	
Cash and cash equivalents	\$ -	\$ 154,761	\$ -	\$ 289,366
Restricted assets:				
Cash and cash equivalents	-	-	-	213,212
Special assessments receivables	-	-	-	625
Total assets	<u>\$ -</u>	<u>\$ 154,761</u>	<u>\$ -</u>	<u>\$ 503,203</u>

LIABILITIES AND FUND BALANCES

Liabilities:				
Due to other funds	\$ 12,865	\$ -	\$ 37,141	\$ 171,359
Total liabilities	<u>12,865</u>	<u>-</u>	<u>37,141</u>	<u>171,359</u>
Fund Balances:				
Reserved:				
Reserved for debt service	-	-	-	180,125
Unreserved:				
Undesignated	(12,865)	154,761	(37,141)	151,719
Total fund balances	<u>(12,865)</u>	<u>154,761</u>	<u>(37,141)</u>	<u>331,844</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 154,761</u>	<u>\$ -</u>	<u>\$ 503,203</u>

CENTERVILLE CITY CORPORATION
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances –
Non-major Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue				Debt Service				
	Municipal Building Authority	Recreation	SID 400 West	City Hall Revenue	SID Gaurantee	SID Chase Lane	SID Porter Lane	Land Purchase	Arts Center
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,768
Special assessments	-	-	-	-	-	8,513	2,038	-	-
Intergovernmental	-	-	-	-	-	-	-	-	481,473
Charges for services	-	94,774	-	-	-	-	-	-	-
Interest	-	-	8	-	-	2,366	-	-	1,227
Miscellaneous	-	23,391	-	-	-	-	-	-	-
Total revenues	-	118,165	8	-	-	10,879	2,038	-	742,468
EXPENDITURES									
Current operating:									
General government	1,185	-	-	-	-	-	-	-	2,500
Parks and recreation	-	165,618	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	185,000	-	7,162	2,791	104,000	1,120,000
Interest and fiscal charges	-	-	-	27,245	-	2,916	286	10,400	419,730
Total expenditures	1,185	165,618	-	212,245	-	10,078	3,077	114,400	1,542,230
Excess (deficiency) of revenues over expenditures	(1,185)	(47,453)	8	(212,245)	-	801	(1,039)	(114,400)	(799,762)
OTHER FINANCING SOURCES (USES)									
Transfers in	1,300	47,500	-	212,258	-	-	-	114,400	774,904
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources	1,300	47,500	-	212,258	-	-	-	114,400	774,904
Net change in fund balance	115	47	8	13	-	801	(1,039)	-	(24,858)
Fund balance - beginning of year	703	46,099	1,502	191,608	3,640	5,238	3,212	-	-
Fund balance - end of year	\$ 818	\$ 46,146	\$ 1,510	\$ 191,621	\$ 3,640	\$ 6,039	\$ 2,173	\$ -	\$ (24,858)

(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, 2010

	<u>Capital Projects</u>			<u>Total</u>
	<u>Storm Drain</u>	<u>Building</u>	<u>Park Improvements Fund</u>	
<u>REVENUES</u>				
Taxes	-	-	-	\$ 259,768
Special assessments	-	-	-	10,551
Intergovernmental	-	-	-	481,473
Charges for services	13,619	-	64,800	173,193
Interest	66	832	214	4,713
Miscellaneous	-	-	3,403	26,794
Total revenues	<u>13,685</u>	<u>832</u>	<u>68,417</u>	<u>956,492</u>
<u>EXPENDITURES</u>				
Current operating:				
General government	-	-	-	3,685
Parks and recreation	-	-	14,503	180,121
Capital outlay	55,632	480,601	-	536,233
Debt service:				
Principal retirement	-	-	-	1,418,953
Interest and fiscal charges	-	-	-	460,577
Total expenditures	<u>55,632</u>	<u>480,601</u>	<u>14,503</u>	<u>2,599,569</u>
Excess (deficiency) of revenues over expenditures	(41,947)	(479,769)	53,914	(1,643,077)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	122,986	-	1,273,348
Transfers out	-	-	(114,400)	(114,400)
Total other financing sources	<u>-</u>	<u>122,986</u>	<u>(114,400)</u>	<u>1,158,948</u>
Net change in fund balance	(41,947)	(356,783)	(60,486)	(484,129)
Fund balance - beginning of year	29,082	511,544	23,345	815,973
Fund balance - end of year	<u>\$ (12,865)</u>	<u>\$ 154,761</u>	<u>\$ (37,141)</u>	<u>\$ 331,844</u>

CENTERVILLE CITY CORPORATION
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual
Municipal Building Authority
For the Year Ended June 30, 2010

	<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	1,300	1,300	1,185	115
Total expenditures	1,300	1,300	1,185	115
Excess of revenues over expenditures	(1,300)	(1,300)	(1,185)	115
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,300	1,300	1,300	-
Net change in fund balance	-	-	115	115
Fund balance at beginning of year	703	703	703	-
Fund balance at end of year	<u>\$ 703</u>	<u>\$ 703</u>	<u>\$ 818</u>	<u>\$ 115</u>

CENTERVILLE CITY CORPORATION
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual
Recreation Fund
For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Recreation fees	\$ 104,000	\$ 104,000	\$ 94,774	\$ (9,226)
Field use agreement	3,300	3,300	7,950	4,650
Concession sales	11,180	11,180	15,441	4,261
Total revenues	<u>118,480</u>	<u>118,480</u>	<u>118,165</u>	<u>(315)</u>
<u>EXPENDITURES</u>				
Salaries and wages	66,300	66,300	77,468	(11,168)
Employee benefits	9,005	9,005	10,980	(1,975)
Materials, supplies and other	47,475	47,475	51,896	(4,421)
Youth baseball/softball	32,500	32,500	25,274	7,226
Total expenditures	<u>155,280</u>	<u>155,280</u>	<u>165,618</u>	<u>(10,338)</u>
Excess (deficiency) of revenues over (under) expenditures	(36,800)	(36,800)	(47,453)	(10,653)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	47,500	47,500	47,500	-
Net change in fund balance	10,700	10,700	47	(10,653)
Fund balance, beginning of year	46,099	46,099	46,099	-
Fund balance, end of year	<u>\$ 56,799</u>	<u>\$ 56,799</u>	<u>\$ 46,146</u>	<u>\$ (10,653)</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Interest	\$ -	\$ -	\$ 8	\$ 8
Total revenues	-	-	8	8
Expenditures	-	-	-	-
Net change in fund balance	-	-	8	8
Fund balance at beginning of year	1,502	1,502	1,502	-
Fund balance at end of year	<u>\$ 1,502</u>	<u>\$ 1,502</u>	<u>\$ 1,510</u>	<u>\$ 8</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Interest	1,500	1,500	-	\$ (1,500)
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>(1,500)</u>
<u>EXPENDITURES</u>				
Principal retirement	185,000	185,000	185,000	-
Interest and fiscal charges	28,758	28,758	27,245	1,513
Total expenditures	<u>213,758</u>	<u>213,758</u>	<u>212,245</u>	<u>1,513</u>
Excess (deficiency) of revenues over (under) expenditures	(212,258)	(212,258)	(212,245)	13
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	212,258	212,258	212,258	-
Net change in fund balance	-	-	13	13
Fund balance at beginning of year	191,608	191,608	191,608	-
Fund balance at end of year	<u>\$ 191,608</u>	<u>\$ 191,608</u>	<u>\$ 191,621</u>	<u>\$ 13</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, 2010

	<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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Special assessment	\$ 7,162	\$ 7,162	\$ 8,513	\$ 1,351
Interest	2,916	2,916	2,366	(550)
Total revenues	<u>10,078</u>	<u>10,078</u>	<u>10,879</u>	<u>801</u>
<u>EXPENDITURES</u>				
Principal retirement	7,162	7,162	7,162	-
Interest and fiscal charges	2,916	2,916	2,916	-
Total expenditures	<u>10,078</u>	<u>10,078</u>	<u>10,078</u>	<u>-</u>
Net change in fund balance	-	-	801	801
Fund balance at beginning of year	<u>5,238</u>	<u>5,238</u>	<u>5,238</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,238</u>	<u>\$ 5,238</u>	<u>\$ 6,039</u>	<u>\$ 801</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
REVENUES				
Special assessment	\$ 3,077	\$ 3,077	\$ 2,038	\$ (1,039)
EXPENDITURES				
Principal retirement	2,791	2,791	2,791	-
Interest and fiscal charges	286	286	286	-
Total expenditures	<u>3,077</u>	<u>3,077</u>	<u>3,077</u>	<u>-</u>
Net change in fund balance	-	-	(1,039)	-
Fund balance at beginning of year	<u>3,212</u>	<u>3,212</u>	<u>3,212</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,212</u>	<u>\$ 3,212</u>	<u>\$ 2,173</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, 2010

	<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	10,400	10,400	10,400	-
Total expenditures	<u>114,400</u>	<u>114,400</u>	<u>114,400</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(114,400)	(114,400)	(114,400)	-
<u>OTHER FINANCING SOURCES</u>				
Transfers in	<u>114,400</u>	<u>114,400</u>	<u>114,400</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
Arts Center Debt Service Fund
For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ 259,768	\$ 259,768
Intergovernmental	518,258	518,258	481,473	(36,785)
Interest	-	-	1,227	1,227
Total revenues	<u>518,258</u>	<u>518,258</u>	<u>742,468</u>	<u>224,210</u>
<u>EXPENDITURES</u>				
General government	104,000	104,000	2,500	101,500
Debt service:				
Principal retirement	1,120,000	1,120,000	1,120,000	-
Interest and fiscal charges	419,758	419,758	419,730	28
Total expenditures	<u>1,643,758</u>	<u>1,643,758</u>	<u>1,542,230</u>	<u>101,528</u>
Excess (deficiency) of revenues over (under) expenditures	(1,643,758)	(1,643,758)	(799,762)	361,296
<u>OTHER FINANCING SOURCES</u>				
Transfers in	<u>114,400</u>	<u>114,400</u>	<u>774,904</u>	<u>660,504</u>
Net change in fund balance	(1,529,358)	(1,529,358)	(24,858)	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u><u>\$ (1,529,358)</u></u>	<u><u>\$ (1,529,358)</u></u>	<u><u>\$ (24,858)</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Developer fees	\$ 40,800	\$ 40,800	\$ 64,800	\$ 24,000
Interest	1,800	1,800	214	(1,586)
Total revenues	<u>42,600</u>	<u>42,600</u>	<u>68,417</u>	<u>25,817</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>50,000</u>	<u>50,000</u>	<u>14,503</u>	<u>35,497</u>
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>14,503</u>	<u>35,497</u>
Excess (deficiency) of revenues over (under) expenditures	(7,400)	(7,400)	53,914	61,314
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(114,400)</u>	<u>(114,400)</u>	<u>(114,400)</u>	<u>-</u>
Net change in fund balance	(121,800)	(121,800)	(60,486)	(60,486)
Fund balance at beginning of year	<u>23,345</u>	<u>23,345</u>	<u>23,345</u>	<u>-</u>
Fund balance at end of year	<u>\$ (98,455)</u>	<u>\$ (98,455)</u>	<u>\$ (37,141)</u>	<u>\$ 61,314</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Developer fees	\$ 25,000	\$ 25,000	\$ 12,606	\$ (12,394)
Contributions and grants	-	-	1,013	1,013
Interest on investments	3,000	3,000	66	(2,934)
Total revenues	<u>28,000</u>	<u>28,000</u>	<u>13,685</u>	<u>(14,315)</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>176,602</u>	<u>176,602</u>	<u>55,632</u>	<u>120,970</u>
Total expenditures	<u>176,602</u>	<u>176,602</u>	<u>55,632</u>	<u>120,970</u>
Excess (deficiency) of revenues over (under) expenditures	(148,602)	(148,602)	(41,947)	106,655
Fund balance at beginning of year	<u>29,082</u>	<u>29,082</u>	<u>29,082</u>	<u>-</u>
Fund balance at end of year	<u>\$ (119,520)</u>	<u>\$ (119,520)</u>	<u>\$ (12,865)</u>	<u>\$ 106,655</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, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Interest	\$ 6,000	\$ 6,000	\$ 832	\$ (5,168)
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>832</u>	<u>(5,168)</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>550,000</u>	<u>550,000</u>	<u>480,601</u>	<u>69,399</u>
Total expenditures	<u>550,000</u>	<u>550,000</u>	<u>480,601</u>	<u>69,399</u>
Net change in fund balance	(434,000)	(434,000)	(356,783)	64,231
Fund balance at beginning of year	<u>511,544</u>	<u>511,544</u>	<u>511,544</u>	<u>-</u>
Fund balance at end of year	<u>\$ 77,544</u>	<u>\$ 77,544</u>	<u>\$ 154,761</u>	<u>\$ 77,217</u>

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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>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	79
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	84
Debt Capacity 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.	91
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	95
Operating Information 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.	98

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 Seven Fiscal Years

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
<u>Governmental Activities</u>							
Invested in capital assets, net of related debt	\$5,117,989	\$8,650,016	\$10,436,204	\$12,769,032	\$14,588,456	\$16,749,627	\$21,086,743
Restricted	\$58,474	\$0	\$0	\$211,742	\$209,375	\$13,476,070	\$6,014,400
Unrestricted	\$5,548,235	\$6,004,708	\$5,501,968	\$5,837,901	\$5,521,914	(\$8,166,577)	(\$3,330,811)
Total governmental activities net assets	\$10,724,698	\$14,654,724	\$15,938,172	\$18,818,675	\$20,319,745	\$22,059,120	\$23,770,332
<u>Business-type Activities</u>							
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	\$11,361,031
Restricted	\$1,501,324	\$1,535,871	\$1,603,883	\$1,677,008	\$1,066,486	\$1,086,077	\$1,091,180
Unrestricted	(\$156,336)	\$94,741	(\$90,161)	(\$542,570)	(\$75,167)	(\$172,501)	(\$327,570)
Total business-type activities net assets	\$8,340,892	\$9,068,033	\$9,712,536	\$10,531,238	\$11,155,927	\$11,915,291	\$12,124,641
<u>Primary Government</u>							
Invested in capital assets, net of related debt	\$12,113,893	\$16,087,437	\$18,635,018	\$22,165,832	\$24,753,064	\$27,751,342	\$32,447,774
Restricted	\$1,559,798	\$1,535,871	\$1,603,883	\$1,888,750	\$1,275,861	\$14,562,147	\$7,105,580
Unrestricted	\$5,391,899	\$6,099,449	\$5,411,807	\$5,295,331	\$5,446,747	(\$8,339,078)	(\$3,658,381)
Total primary government net assets	\$19,065,590	\$23,722,757	\$25,650,708	\$29,349,913	\$31,475,672	\$33,974,411	\$35,894,973

Note: Information prior to 2004 not available.

Centerville City Corporation

Change in Net Assets
Last Seven Fiscal Years

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
Expenses							
Governmental Activities							
General government	\$1,225,184	\$1,210,438	\$1,344,814	\$1,294,987	\$1,448,978	\$1,209,582	\$1,529,197
Public Safety	\$2,104,381	\$2,223,122	\$2,368,844	\$2,493,972	\$2,613,890	\$2,366,183	\$2,865,721
Streets and public works	\$1,327,423	\$1,307,744	\$1,146,997	\$1,873,984	\$1,715,647	\$1,948,185	\$1,937,663
Parks & recreation	\$991,715	\$861,866	\$1,009,363	\$1,119,172	\$1,154,243	\$1,330,148	\$1,200,377
Community development	\$292,154	\$322,135	\$396,376	\$765,077	\$766,662	\$1,026,745	\$642,469
Interest on long-term debt	\$358,568	\$161,735	\$153,444	\$161,453	\$85,852	\$152,369	\$493,361
Total governmental activities expenses	\$6,299,425	\$6,087,040	\$6,419,838	\$7,708,645	\$7,775,272	\$8,033,212	\$8,668,788
Business-type activities							
Water	\$2,836,098	\$1,179,885	\$1,167,370	\$1,526,483	\$1,765,049	\$1,601,430	\$1,674,851
Sanitation	\$687,062	\$622,042	\$623,259	\$637,035	\$649,850	\$655,091	\$818,314
Storm drain	\$320,222	\$452,361	\$348,444	\$463,475	\$475,445	\$382,484	\$483,127
Total business-type activities expenses	\$3,813,382	\$2,254,288	\$2,139,073	\$2,626,993	\$2,890,344	\$2,639,005	\$2,976,292
Total primary government expenses	\$10,112,807	\$8,341,328	\$8,558,911	\$10,335,638	\$10,665,616	\$10,672,217	\$11,645,080
Program Revenues							
Governmental activities							
Charges for services	\$620,063	\$607,734	\$673,186	\$1,282,437	\$1,270,564	\$1,447,637	\$1,182,108
General government	\$78,798	\$127,773	\$17,211	\$290,260	\$52,887	\$8,009	\$10,551
Parks and public works	\$168,502	\$238,975	\$194,926	\$108,473	\$220,092	\$115,714	\$96,152
Streets and recreation	\$324,721	\$443,083	\$570,739	\$477,875	\$500,852	\$283,527	\$242,284
Community development	\$23,566	\$42,682	\$115,683	\$243,090	\$89,310	\$32,287	\$0
Operating grants and contributions	\$71,155	\$2,458,208	\$875,000	\$100,000	\$186,500	\$1,701,527	\$2,256,903
Capital grants and contributions	\$1,296,805	\$3,918,455	\$2,446,745	\$2,502,135	\$2,320,205	\$3,588,701	\$3,787,998
Total governmental activities program revenues	\$1,755,100	\$1,774,208	\$1,864,538	\$2,233,905	\$2,283,281	\$1,654,905	\$1,642,409
Business-type activities							
Charges for services	\$717,913	\$691,892	\$688,237	\$641,393	\$611,679	\$623,054	\$758,206
Water fees	\$480,816	\$492,807	\$553,441	\$507,974	\$579,744	\$542,718	\$591,537
Sanitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Storm drain	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating grants and contributions	\$0	\$410,000	\$34,250	\$0	\$0	\$0	\$350,000
Capital grants and contributions	\$2,953,829	\$3,368,907	\$3,140,466	\$3,383,272	\$3,474,704	\$2,820,677	\$3,342,152
Total business-type activities program revenues	\$4,240,634	\$7,287,362	\$5,587,211	\$5,885,407	\$5,794,909	\$6,409,378	\$7,130,150
Total primary government program revenues	(\$5,012,620)	(\$2,168,585)	(\$3,973,093)	(\$5,206,510)	(\$5,455,067)	(\$4,444,511)	(\$4,880,790)
Net (expense) revenue	(\$859,553)	\$1,114,619	\$1,001,393	\$756,279	\$584,360	\$181,672	\$365,860
Government activities	(\$5,872,173)	(\$1,053,966)	(\$2,971,700)	(\$4,450,231)	(\$4,870,707)	(\$4,262,839)	(\$4,514,930)
Business-type activities							
Total primary government net expenses							

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
General Revenues and Other Changes in Net Assets							
Governmental activities							
Property tax and uniform vehicle fees	\$1,504,549	\$1,667,607	\$1,878,705	\$1,653,574	\$1,790,943	\$1,933,965	\$2,385,839
Franchise, telecommunication, & energy sales taxes	\$700,001	\$809,720	\$901,116	\$869,898	\$933,916	\$964,201	\$966,412
General & Highway Sales Tax	\$2,810,739	\$2,888,887	\$3,229,740	\$3,427,874	\$3,784,263	\$3,579,903	\$2,732,936
Gain on Sale of Capital Assets	\$0	\$0	\$0	\$1,590,238	\$12,370	(\$20,408)	\$3,131
Other	\$771,953	\$290,599	\$371,281	\$495,343	\$385,430	\$291,996	\$329,497
Transfers	\$433,696	\$441,798	\$449,065	\$50,086	\$49,215	(\$549,751)	\$174,187
Total governmental activities	\$6,220,938	\$6,098,611	\$6,829,907	\$8,087,013	\$6,956,137	\$6,199,906	\$6,592,002
Business-type activities							
Other	\$70,039	\$54,320	\$92,175	\$112,509	\$89,544	\$27,941	\$17,677
Transfers	(\$433,696)	(\$441,798)	(\$449,065)	(\$50,086)	(\$49,215)	\$549,751	(\$174,187)
Total business-type activities	(\$433,657)	(\$387,478)	(\$356,890)	\$62,423	\$40,329	\$577,692	(\$156,510)
Total primary government	\$5,807,281	\$5,711,133	\$6,473,017	\$8,149,436	\$6,996,466	\$6,777,598	\$6,435,492
Change in Net Assets							
Governmental activities	\$1,208,318	\$3,930,026	\$2,856,814	\$2,880,503	\$1,501,070	\$1,739,375	\$1,711,212
Business-type activities	(\$1,273,210)	\$727,141	\$644,503	\$818,702	\$624,689	\$759,364	\$209,350
Total primary government	(\$64,892)	\$4,657,167	\$3,501,317	\$3,699,205	\$2,125,759	\$2,498,739	\$1,920,562

Note: Information prior to 2004 not available

Centerville City Corporation

Fund Balances of Governmental Funds Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>General Fund</u>										
Reserved	\$2,375,193	\$2,356,155	\$2,357,217	\$1,698,031	\$1,612,930	\$2,152,006	\$1,036,621	\$1,007,024	\$919,203	\$642,385
Unreserved	\$1,266,730	\$883,941	\$696,483	\$1,779,866	\$1,097,318	\$1,566,642	\$1,582,676	\$1,541,183	\$1,211,929	\$1,341,737
Total general fund	<u>\$3,641,923</u>	<u>\$3,240,096</u>	<u>\$3,053,700</u>	<u>\$3,477,897</u>	<u>\$2,710,248</u>	<u>\$3,718,648</u>	<u>\$2,619,297</u>	<u>\$2,548,207</u>	<u>\$2,131,132</u>	<u>\$1,984,122</u>
<u>All other Governmental Funds</u>										
Reserved	\$2,140,089	\$2,159,498	\$2,134,982	\$1,478,402	\$1,478,404	\$1,474,063	\$820,031	\$817,664	\$14,084,359	\$5,810,749
Unreserved reported in:										
Special revenue funds	-	-	\$0	(\$4,857)	\$54	(\$8,688)	(\$10,118)	\$22,581	\$46,802	\$46,964
Capital project funds	\$206,711	\$16,657	(\$9,587)	\$208,801	\$814,264	\$357,469	\$1,897,370	\$1,357,209	\$563,971	\$104,755
Redevelopment Agency Fund	(\$2,078,320)	(\$1,945,481)	(\$1,650,288)	(\$611,294)	(\$173,146)	\$267,841	\$1,075,796	\$1,333,978	\$758,791	\$961,349
Total all other governmental funds	<u>\$268,480</u>	<u>\$230,674</u>	<u>\$475,127</u>	<u>\$1,071,052</u>	<u>\$2,119,576</u>	<u>\$2,090,685</u>	<u>\$3,783,079</u>	<u>\$3,531,432</u>	<u>\$15,453,923</u>	<u>\$6,923,817</u>

Centerville City Corporation

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$4,119,822	\$4,530,936	\$4,257,871	\$4,487,803	\$4,837,131	\$5,448,434	\$5,458,844	\$5,999,136	\$6,031,356	\$6,085,187
Special Assessments	\$6,105	\$14,332	\$18,304	\$13,536	\$7,630	\$3,129	\$13,020	\$3,707	\$8,009	\$10,551
Licenses & Permits	\$269,128	\$191,271	\$172,173	\$216,432	\$350,931	\$446,572	\$424,347	\$504,672	\$283,527	\$242,284
Intergovernmental	\$894,016	\$534,716	\$486,650	\$607,233	\$426,605	\$569,187	\$835,592	\$599,296	\$1,773,027	\$1,176,903
Charges for Services	\$308,994	\$266,308	\$273,092	\$473,622	\$547,574	\$472,336	\$719,931	\$510,426	\$529,684	\$381,139
Charges for Services - Other Funds							\$503,905	\$509,898	\$503,900	\$503,900
Fines & Forfeitures	\$436,780	\$407,708	\$401,756	\$489,947	\$511,430	\$534,025	\$557,842	\$575,692	\$573,747	\$576,948
Interest	\$250,110	\$140,028	\$120,403	\$314,814	\$172,109	\$241,381	\$338,479	\$283,791	\$129,251	\$121,520
Miscellaneous	\$92,314	\$98,607	\$74,476	\$196,797	\$121,490	\$132,900	\$168,714	\$119,139	\$162,745	\$207,977
Total Revenues	\$6,377,269	\$6,183,906	\$5,804,725	\$6,800,184	\$6,974,900	\$7,847,964	\$9,020,674	\$9,105,757	\$9,995,246	\$9,306,409
Expenditures										
General Government	\$1,260,075	\$1,425,879	\$1,520,009	\$1,543,349	\$1,705,878	\$1,223,842	\$1,245,626	\$1,308,521	\$1,352,055	\$1,374,996
Public Safety	\$1,459,488	\$1,474,112	\$1,420,511	\$1,557,368	\$1,634,497	\$2,460,052	\$2,535,540	\$2,641,150	\$2,749,920	\$2,837,137
Street & Public Works	\$1,668,002	\$1,900,339	\$1,346,377	\$1,455,501	\$1,766,837	\$1,270,520	\$2,276,266	\$2,016,653	\$1,930,929	\$1,813,865
Community Development	\$493,810	\$596,888	\$341,877	\$292,154	\$342,089	\$393,524	\$822,225	\$812,208	\$1,172,949	\$598,034
Parks & Recreation	\$703,646	\$843,174	\$918,705	\$870,751	\$852,385	\$959,585	\$3,182,537	\$2,059,249	\$1,281,932	\$1,040,316
Capital Outlay	\$1,558,053	\$210,335	\$79,031	\$118,670	\$452,487	\$691,711	\$141,150	\$264,746	\$1,210,577	\$7,744,284
Debt Service										
Principal retirement	\$360,750	\$375,750	\$309,304	\$274,000	\$214,000	\$159,000	\$172,598	\$278,028	\$288,154	\$1,418,953
Interest & fiscal charges	\$239,844	\$215,373	\$194,707	\$362,307	\$164,650	\$156,286	\$136,698	\$98,936	\$88,997	\$492,486
Total Expenditures	\$7,743,668	\$7,041,850	\$6,130,521	\$6,474,100	\$7,132,823	\$7,314,520	\$10,512,640	\$9,479,491	\$10,075,513	\$17,320,071
Excess (deficiency) of Revenues Over Expenditures	(\$1,366,399)	(\$857,944)	(\$325,796)	\$326,084	(\$157,923)	\$533,444	(\$1,491,966)	(\$373,734)	(\$80,267)	(\$8,013,662)
Other Financing Sources (uses)										
Transfers in	\$2,130,691	\$843,174	\$746,031	\$790,777	\$1,432,906	\$804,713	\$3,015,213	\$1,017,754	\$2,739,137	\$1,902,996
Transfers out	(\$1,789,732)	(\$501,869)	(\$362,178)	(\$360,081)	(\$994,108)	(\$358,648)	(\$2,976,977)	(\$986,039)	(\$3,312,388)	(\$2,392,049)
Sale of capital assets	\$405,890	\$77,006	-	\$263,342	-	-	\$1,630,773	\$19,282	\$28,631	\$9,326
Bond Proceeds/pledge	-	-	-	-	-	-	\$416,000	\$0	\$12,130,303	(\$183,727)
Total Other Sources	\$746,849	\$418,311	\$383,853	\$694,038	\$438,798	\$446,065	\$2,085,009	\$50,997	\$11,585,683	(\$663,454)
Net Change in Fund Balance	(\$619,550)	(\$439,633)	\$58,057	\$1,020,122	\$280,875	\$979,509	\$593,043	(\$322,737)	\$11,505,416	(\$8,677,116)
Fund Balance Beginning of Year	\$4,529,953	\$3,910,403	\$3,470,770	\$3,528,827	\$4,548,949	\$4,829,824	\$5,809,333	\$6,402,376	\$6,079,639	\$17,585,055
Fund Balance End of Year	\$3,910,403	\$3,470,770	\$3,528,827	\$4,548,949	\$4,829,824	\$5,809,333	\$6,402,376	\$6,079,639	\$17,585,055	\$8,907,939
Debt service as a percentage of non-capital expenditures	10.75%	9.47%	9.09%	10.47%	8.93%	5.88%	4.12%	5.04%	4.25%	24.94%

(prior to 2004 the amount used to calculate ratio is not based on reconciliation of government-wide statements but a calculation of an equivalent amount)

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
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
2010	\$2,385,839	\$2,732,936	\$966,412	\$10,551	\$6,095,738

Centerville City Corporation

Direct and Overlapping Sales Tax Rates Last Ten Fiscal Years

Year	City	County	State	Mass Transit	Total
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%
2010	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)

Tax Year	<u>Taxable Value</u>	<u>Estimated Actual</u>	<u>Actual value</u>	Ratio of Taxable to Estimated
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	\$1,185,902	62.40%	
2009	\$872,676	\$965,844	64.14%	

Tax year 2009

	Residential	Commercial	Other	Total
Real Estate Assessed Value	\$326,596,082	\$4,344,778	\$6,035,529	\$336,976,389
Buildings	\$420,098,058	\$137,732,791	\$3,400	\$557,834,249
Personal Property	-	-	-	\$40,671,187
Centrally Assessed	-	-	-	\$30,362,092
Total	\$746,694,140	\$142,077,569	\$6,038,929	\$965,843,917

Previous years values not available

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 .001102%

Centerville City Corporation

Property Tax Rates - Direct and Overlapping Governments Last ten Calendar Years

Tax Year	Centerville City	Davis County	Davis School District	Special Taxing Districts	Total Levy
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%
2009	0.1102%	0.2576%	0.7860%	0.0998%	1.2536%

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	Deliquent Tax Collections	Roll Back Collections	Total Tax Collections
2000	\$723,724	\$694,148	95.91%	\$28,824		\$722,972
2001	\$789,470	\$741,215	95.89%	\$24,132		\$765,347
2002	\$814,214	\$766,445	94.13%	\$33,422		\$799,867
2003	\$814,784	\$779,167	95.60%	\$35,459		\$814,626
2004	\$820,731	\$779,287	94.95%	\$25,969		\$804,916
2005	\$824,202	\$780,025	94.64%	\$34,390	\$83,250	\$897,665
2006	\$849,703	\$815,006	95.60%	\$31,756	\$23,504	\$870,266
2007	\$877,864	\$842,662	95.99%	\$33,812		\$876,474
2008	\$907,846	\$837,435	92.24%	\$35,892		\$873,327
2009	\$921,737	\$874,583	94.88%	\$47,779		\$922,362

Source: Davis County Clerk/Auditors Office

Note: Roll Back taxes are taxes levied on properties that have been removed from agriculture exemption and are not levied until that time.

Centerville City Corporation

Principal Taxpayers Current Year and 10 years Ago

Tax Year 2009 (current)				
Taxpayer	Rank	Type of Business	Taxable Value	Percentage of Total Taxable Value
Walmart	1	Retail	\$19,500,538	1.91%
Dayton West LLC	2	Commercial Real Estate	\$14,976,175	1.47%
Dayton Hudson	3	Retail	\$12,206,901	1.19%
Centerville MarketPlace LLC	4	Retail	\$10,651,088	1.04%
Pacificorp	5	Electric Utility	\$9,575,668	0.94%
HD Development of Maryland Inc.	6	Retail	\$9,156,385	0.90%
SDCKP LLC	7	Retail	\$8,929,570	0.87%
Hogan & Associates	8	Construction	\$6,678,924	0.65%
Syro Steel	9	Manufacturing	\$6,521,023	0.64%
Tingey Real Estate	10	Commercial Property	\$5,778,137	0.57%
		Total	\$103,974,409	10.18%

Tax Year 1999				
Taxpayer	Rank	Type of Business	Taxable Value	Percentage of Total 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		Value	Total New Construction Value	Estimated Total Property Value
	No of Units	Value	No of Units	Value			
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	\$1,185,902,000	
2009	15	\$18,182,300	31	\$6,434,514	\$24,616,814	\$965,844,000	

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 Bonds			
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		\$3,025,000	\$5,157,915	1.36%	\$345
2003	\$1,650,000			\$17,019	\$130,000	\$26,000		\$3,025,000	\$4,848,019	1.24%	\$322
2004	\$1,455,000			\$12,950	\$65,000	\$12,000		\$4,012,000	\$5,556,950	1.36%	\$366
2005	\$1,310,000			\$8,696	\$0	\$8,000		\$3,857,000	\$5,183,696	1.22%	\$333
2006	\$1,155,000			\$4,247	\$0	\$4,000		\$3,696,000	\$4,859,247	1.09%	\$306
2007	\$995,000			\$0		\$0		\$3,522,000	\$4,517,000	0.90%	\$283
2008	\$830,000		\$312,000					\$3,341,000	\$4,483,000	0.87%	\$238
2009	\$655,000	\$11,655,000	\$208,000					\$3,154,000	\$15,672,000	3.00%	\$956
2010	\$470,000	\$10,535,000	\$104,000					\$2,949,000	\$14,058,000	2.62%	\$840

Centerville City Corporation

Direct and Overlapping Governmental Activities Debt June 30, 2010

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping
Debt repaid with property taxes			
Davis County	\$21,835,000	5.25%	\$1,146,338
Davis School District	\$358,500,000	5.25%	\$18,821,250
Weber Basin Water Conservancy	\$29,577,164	2.23%	\$659,571
State of Utah	\$2,299,300,000	0.68%	\$15,520,275
South Davis Recreation District	\$16,290,000	17.89%	\$2,914,281
Other Debt - Davis County			
Sales tax revenue bonds	\$43,460,342	11.23%	\$4,880,596
MBA lease revenue bonds	\$2,261,000	5.32%	\$120,285
Lease purchase	\$1,494,801	5.32%	\$79,523
Total Overlapping Debt	<u>\$2,772,718,307</u>		<u>\$44,142,118</u>
Centerville City			
Lease Revenue Bonds	\$470,000	100.00%	\$470,000
Sales Tax Revenue Bonds	<u>\$10,535,000</u>		<u>\$10,535,000</u>
Total Direct Debt	<u>\$11,005,000</u>		<u>\$11,005,000</u>
Total Direct and Overlapping Debt	<u>\$2,783,723,307</u>		<u>\$55,147,118</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

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$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	\$37,006,909
Total net applicable debt	\$52,000	\$39,000	\$26,000	\$12,000	\$8,000	\$4,000	\$0	\$0	\$0	0
Legal debt margin	\$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	\$37,006,909
Total net debt applicable to limit as a percentage of debt limit	<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>	<u>0.00%</u>

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value	\$925,172,730
Debt Limit (4% of assessed value)	\$37,006,909
Less Applicable Debt	<u>\$0</u>
Legal Debt Margin	<u>\$37,006,909</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
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
2010	\$2,250,986	(\$183,913)	(\$1,611,166)	\$455,907	\$205,000	\$137,413	\$342,413	1.33

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

Centerville City Corporation

Demographic and Economic statistics

Calendar Year	Population (1)	Per Capita Income (2)	Personal Income	Unemployment Rate (3)	Median Age (4)	Average Size of Household (4)
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
2009	16,722	\$32,115	\$537,027,030	5.90%	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 figures are not available

Centerville City Corporation

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Administration	3	3	3	3	3	3	3	3	3	3
Finance	3	3	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Justice Court	3	3	3.5	3.5	3.75	3.75	3.75	3.75	3.75	3.75
Total General Government	9	9	10	10	10.25	10.25	10.25	10.25	10.25	10.25
Police	22.5	24	25	25	25	25	25	25	25	25
Community Development	2	2.5	3	3	3	4	4	4	4	3
Public Works										
Administration	2.5	2.5	3	2.5	3	4	4	4	4	4
Streets	4	4	4	4	4	4	4	4	4	4
Water	4.5	4.5	5.5	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	13.5	13	13.5	14.5	14.5	14.5	14.5	14.5
Parks & Recreation										
Parks	8.5	8.5	7	7	7.5	8.5	9.5	9.5	9.5	9.5
Recreation	6.5	6.5	6.5	6.5	6.75	6.25	6.5	6.5	6.5	6.5
Museum	-	-	-	-	0.5	0.5	0.5	0.5	0.5	0.5
Building Maintenance	0.5	0.5	0.5	0.5	0.5	0.75	0.75	0.75	0.75	0.75
Total Parks & Recreation	15.5	15.5	14	14	15.25	16	17.25	17.25	17.25	17.25
Total Primary Government	61	63	65.5	65	67	69.75	71	71	71	70

Sources: Centerville City Payroll.

Centerville City Corporation

General Fund Expenditures by Function Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Community Development	Parks & Recreation	Total
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
2010	\$1,308,162	\$2,837,137	\$1,813,865	\$342,511	\$860,195	\$7,161,870

Centerville City Corporation

Operating Indicators by Function Current Year and Prior Two Years (previous years not available)

Function	2007	2008	2009
Community Development			
Single Dwelling permits	43	14	7
Double Dwelling permits	8	48	24
Multi-family Dwelling permits	24	24	0
Commercial permits	26	20	15
Demolition permits	12	7	6
Occupancy permits			
Residential	84	79	42
Commercial	31	23	17
Permit process time	7 days	7 days	7 days
Parks, Recreation and Trails			
Developed Acreage	88	88	88
Undeveloped Acreage	35	35	35
Youth in Recreation Programs	2,970	2,658	2,732
Police Services			
Expenditures per officer	\$103,968	\$113,688	\$119,140
Average response time (minutes)	3.5 to 4	1.23 to 6.52	.80 to 2.93
Police reports per officer	201	135	143
Water			
Gallons billed	449,896,786	576,933,000	692,084,000
Residential connections	3,995	4,041	4,093
Other connections	452	459	461
Taxes			
Federal AGI tax per return	\$59,755	\$66,082	65774
Tax Revenue as a % of AGI	1.30%	1.11%	1.54%
Indexed to State average (AGI)	77%	76%	82.00%
Taxable sales per capita	\$19,305	\$23,840	\$23,886
Indexed to State average	104.5%	N/A	
Sales tax revenue per capita	\$208.54	\$227.28	\$214.08
Property tax revenue per capita	\$100.59	\$107.56	\$115.65
Franchise tax per capita	\$52.91	\$56.09	\$57.66
Total tax revenue per capita	\$362.04	\$390.93	\$387.39
General Fund revenues per capita	\$456	\$426	428
General Fund expenditures per capita	\$407	\$444	446
Capital improvement expenditures per capita	\$123	\$72	101

Sources: Utah State Tax Commission. UCMA Benchmarking report.

Centerville City Corporation

Capital Asset & Statistical Information by Function
Last Ten Fiscal Years

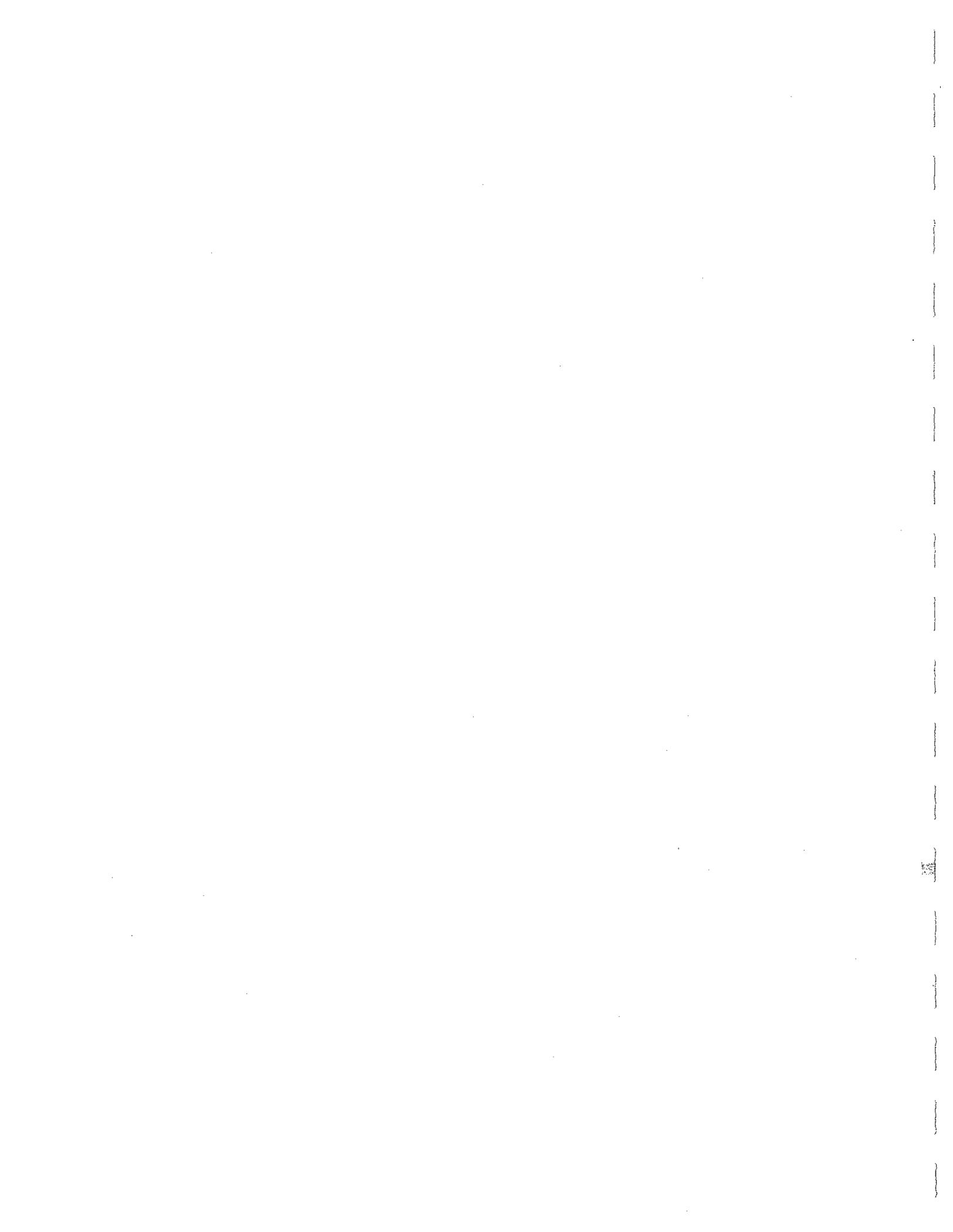
Date of Incorporation Area of City	May 17, 1915 7.5 square miles									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Population Estimate	14,935	15,069	15,185	15,558	15,861	16,143	16,438	16,650	16,722	16,740
City Hall and Justice Court	2	1	1	1	1	1	1	1	1	1
Museum	1	1	1	1	1	1	1	1	1	1
Streets & Public Works										
Miles of Streets	56	56	57	57	58	59	59	61	62	62
Number of Street Lights	680	680	702	713	720	727	731	741	745	753
Public Works Office, Maintenance, Storage	1	1	1	2	2	2	2	2	2	2
Number of Police Stations (included in City Hall)	1	1	1	1	1	1	1	1	1	1
Number of Police Officers	15	15	16	16	16	16	17	17	17	17
Municipal Water										
Number of Customers	4,053	4,072	4,132	4,257	4,273	4,366	4,401	4,499	4,523	4,541
Miles of Water Mains	66	66	68	68	69	70	71	72	72	72
Number of Cullinary Water Wells	7	7	8	8	8	8	8	8	8	8
Number of Cullinary Water Storage Tanks	6	6	6	6	6	6	6	6	6	6
Waste Collection										
Number of primary residential customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,983
Number of recycling customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,272
Number of green waste customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Building Permits Issued (new construction, includes remodel)	61	46	55	90	58	114	115	115	55	46
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	7
Undeveloped Parks and Trails	2	2	3	3	2	2	0	5	5	5
Pavilions	5	5	5	5	5	5	7	7	7	7
Tennis Courts	4	4	4	4	4	4	4	4	4	4
Baseball Fields	4	4	4	4	4	4	4	4	4	4

Sources: Centerville City Public Works, Parks, Police, Community Development, and Administration departments.

**CENTERVILLE CITY CORPORATION
CENTERVILLE, UTAH**

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

YEAR ENDED JUNE 30, 2010



Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

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REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF 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 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, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 21, 2010. 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 City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, others within the entity, 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, 2010

Hansen, Bradshaw, Malmrose & Erickson

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON LEGAL COMPLIANCE IN ACCORDANCE WITH THE STATE OF UTAH *LEGAL COMPLIANCE AUDIT GUIDE*

Honorable Mayor and Members of City Council
Centerville City Corporation, Utah
Centerville, 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 the Centerville City Corporation, Utah ("the City"), for the year ended June 30, 2010, and have issued our report thereon dated December 21, 2010. As part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions as 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, 2010. The City received the following major 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	B&C Road Funds
Cash Management	Justice Courts Compliance
Purchasing Requirements	Asset Forfeiture
Budgetary Compliance	Utah Retirement Services
Truth in Taxation & Property Tax Limitations	Uniform Building Code Standards
Liquor Law Enforcement	

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.

Our audit does not provide a legal determination on the City's compliance with these requirements.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, the 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, 2010.

The report is intended solely for the information and use of management of the city and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

Hansen, Bradshaw, Malmrose & Erickson, P.C

December 21, 2010

CENTERVILLE CITY CORPORATION
Schedule of Findings
For the Year Ended June 30, 2010

Requirement / Program
 1. Budgetary Compliance

Current Year Findings

Finding: Utah State Law requires that officers and employees of an entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department. For the year ended June 30, 2010, expenditures exceeded budgeted amounts in the following funds or departments:

<u>Fund</u>	<u>Department</u>	<u>Amount Over Budget</u>
Redevelopment Agency	Other Financing Uses - Transfers Out	\$676,179
Arts Center Special Revenue	Other Financing Uses - Transfers Out	508,526
Recreation Special Revenue	Total expenditures	10,338

Recommendation: The City should monitor the status over expenditures as compared to the budget through the end of the year and amend the budget as necessary.

Management's Response: Redevelopment Agency - The majority of the budgetary difference was due to the unforeseen transfer of the asset of land, in the amount of \$608,289, by staff. The balance of the transfer was the difference in the budget amount for the RDA's portion of the debt for the Art Center. The Budget was set before the actual amount of debt service was known. An amendment should have been recommended when the actual amount was known to staff. The City staff will take precautions to avoid such shortfalls in the future.

Art Center Special Revenue – There was no budget authorization anticipated by staff for transfers in this fund. The transfers were for; reimbursement to the RDA for expenses incurred for construction, and for the building permit to the City. Staff will take measures to anticipate the treatment of such transactions in the future.

Recreation Special Revenue – A more than proportionate amount of expenditures occurs in this fund at the end of the fiscal year. The staff did not anticipate expenditures over budget at June 30, even though sources were sufficient to cover the expenditures. Staff will more closely analyze this fund in the future to avoid such deficits.

(Continued)

CENTERVILLE CITY CORPORATION
Schedule of Findings (Continued)
For the Year Ended June 30, 2010

Requirement / Program

Current Year Findings

2. Deficit Fund Balance

Finding: Per Utah State law, deficit fund balances in any fund are illegal. We noted a deficit fund balance in the Capital Projects Storm Drain Fund of \$12,865 and in the Capital Projects Park Improvement Fund of \$37,141, as of June 30, 2010. These deficits resulted in the City's noncompliance with State of Utah fund balance requirements.

Recommendation: We recommend management review the budget of these funds and take appropriate action to eliminate these deficit fund balances in accordance with State of Utah legal compliance guidelines.

Management's Response: The deficits were anticipated to occur by staff at the close of the year. Both funds are dependent on impact fees for the majority of revenues. The City Council has already approved interfund loans, from the general fund, to cover the temporary deficits. Staff will continue to monitor the financial position of these funds.