

**CENTERVILLE CITY CORPORATION
CENTERVILLE, UTAH**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

Year Ended June 30, 2011



**CENTERVILLE CITY CORPORATION
Comprehensive Annual Financial Report
For the Year Ended June 30, 2011**

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INTRODUCTORY SECTION





CENTERVILLE CITY

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

Incorporated in 1915

Mayor

Ronald G. Russell

City Council

Justin Y. Allen

Ken S. Averett

Paul A. Cutler

Sherri L. Lindstrom

Lawrence Wright

City Manager

Steve H. Thacker

December 15 , 2011

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

State law requires that all cities publish within six months of the close of the fiscal year a complete set of financial statements presented in conformance to generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a qualified, licensed certified public accounting firm. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of Centerville, Utah for the fiscal year ended June 30, 2011.

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

This report consists of management's representation concerning the finances of Centerville City. Consequently, management assumes full responsibility for the completeness and reliability of all information presented herein. To provide reasonable basis for making those presentations, management has established internal control framework that is designed to both protect the City's assets from loss, theft, or misuse and to compile reliable information for the preparation of the financial statements in conformity to GAAP. The City's frame work of internal controls is designed to provide reasonable rather than absolute insurance that the financial statements will be free of material misstatement. The cost of internal controls should not outweigh their benefit to the City.

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

The financial statements have been audited by Hansen, Bradshaw, Malmrose & Erickson, PC, a

licensed certified public accounting firm qualified to perform audits of municipal governments. The goal of the independent audit was to provide reasonable assurance that the financial statements of Centerville City for the fiscal year ended June 30, 2011, 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, 2011, 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. The City owns a Performing Arts Center but is leased to a private non-profit arts organization.

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 previous fiscal years, with some growth in this fiscal year, but still lagging levels in 2007-2008. Sales tax is the main source of tax revenue for general services. Local option sales taxes has continued to grow over the last few months from the prior year. 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 2012. 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 construction of a 90,000 sf 14 screen movie complex by the region's most predominant player in the market, Larry H. Miller Megaplex was completed in the fall of 2011. 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 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 two major planning initiatives in FY 2011 affecting Main Street and the foothills.

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 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 was completed in FY 2011. The Plan no longer mentions light rail as a desirable mass transit option on Main Street.

Foothills

In FY 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 2010, but was suspended while the City Council focused on other planning initiatives. This planning process was reactivated in FY 2011, resulting in the adoption of the "Foothills Management Plan" in October 2011. This Plan provides general direction regarding the potential future uses of the public and private land in this area and includes policies for the wise management of these uses. It also identifies areas with the potential for annexation into the city.

Public Works

Staff continued implementation of the master plans for water system improvements, street maintenance and drainage facilities.

Water

The water system master plan, updated in FY 2010, became the basis for a "Capital Facilities Finance Plan and User Rate Analysis" (CFFP) completed in FY 2011. In June 2011, using the CFFP as justification, the City Council adopted a three-step water rate increase (to be implemented in 2011, 2012 and 2013) to fund the recommended improvements. The City's intent is to issue bonds in FY 2012 that would be repaid with the rate increases.

Streets

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.

In the fall of 2010, the City used a Community Development Block Grant to fund most of the cost of a second phase of street and drainage improvements in the Pheasantbrook neighborhood. The City's Redevelopment Agency and property owner assessments also provided some funding.

In FY 2011, the City Engineer prepared a plan and preliminary design for major improvements to the intersection of Parrish Lane and Main Street. Construction is scheduled for 2012. Since both roads are State highways, most of the \$1.7 million needed for this project will come from State and Federal sources.

Drainage

The Drainage Master Plan recommended construction of a debris basin in Centerville Canyon to protect 181 homes in the 100-year hazard zone from debris flows. Davis County officials agreed to fund the construction of this \$2 million facility; Centerville City funded project design. Construction began in the fall of 2010 and was completed in the spring of 2011. Upon completion, FEMA's flood insurance rate map was amended to remove these homes from the 100-year hazard zone.

Performing Arts Center

The Redevelopment Agency (RDA) of Centerville completed construction of the Davis Center for the Performing Arts, a \$14 million facility. The construction cost 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 opened in February 2011. The facility's tenant—CenterPoint Legacy Theatre—is responsible for all operating and maintenance costs.

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) began at \$394,458 in 2010 and increases by 2% per year thereafter. UTOPIA has filed a lawsuit against the Rural Utility Service, the source of the suspended federal grant, for damages resulting

from that action. No further construction of UTOPIA's fiber optic infrastructure occurred in Centerville in FY 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. The UIA bonds are to be repaid from customer connection fees, but are secured by a pledge of the cities' utility franchise revenues. UTOPIA was also awarded a \$16 million Federal Stimulus grant in 2010 to connect public facilities to their network. In 2011, some of these grant funds, as well as UIA bond funds, were used to continue construction of the network in Centerville, with the intent of offering services to residents and businesses by the end of 2011.

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 unassigned fund balance as of June 30, 2011 was 14.77% of next year's budgeted revenue. The Council and management attempts to finance operations and capital on a pay as you go basis if possible.

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

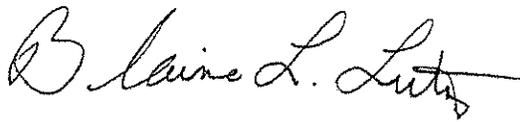
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Centerville City for its comprehensive annual financial report for the fiscal year ended June 30, 2010. This was the twelfth consecutive year 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". The signature is written in black ink and is positioned below the "Respectfully submitted," text.

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

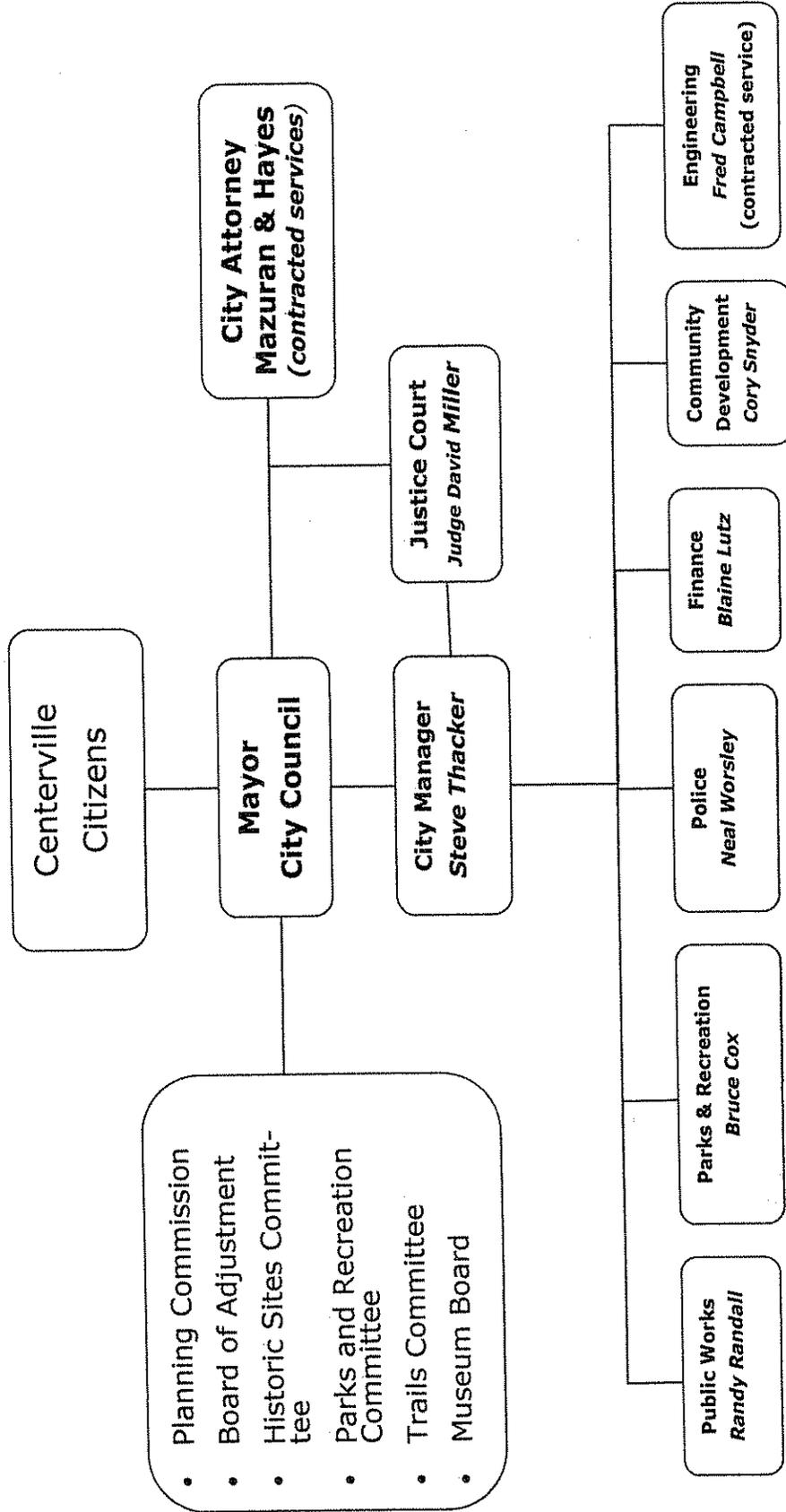
Police Chief
Public Works Director
Parks/Recreation Director
Community Development Director

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, 2010

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.



Linda C. Danson

President

Jeffrey R. Enos

Executive Director

FINANCIAL SECTION



Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2011, 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. 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 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the general fund and major special revenue funds 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 15, 2011, 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 the management's discussion and analysis on pages 13 through 24 to 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 financial statements as a whole. The accompanying combining and individual nonmajor fund financial statements, and budgetary comparison information are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on them.

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

December 15, 2011

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, 2011.

Financial Highlights

The assets of Centerville City exceeded its liabilities at June 30, 2011 by \$37,487,470 (net assets). Of this amount, \$34,802,337 is invested in capital assets net of debt, \$1,420,768 is restricted for debt service or construction. Unrestricted net assets are \$1,264,365.

Centerville's total net assets increased \$1,592,497 from the prior year a 4.43% increase. The City's net assets are significantly restructured due to the completion of construction and financing of the Davis Center for the Performing Arts. A significant change in unrestricted assets that were a negative \$3,658,381 and reserved for debt service and construction was \$6,901,929 in the prior period.

Centerville's governmental funds reported a combined ending fund balances of \$2,294,674 at June 30, 2011, a \$6,613,265 decrease from the previous year, primarily due to the expenditures for the construction of the Davis Center for the Performing Arts. Restricted balances for Debt Service or Construction decreased \$5,606,856 to \$203,893. Of the ending fund balances, \$1,102,412 is available for spending at the City's discretion in the General Fund (unassigned fund balance), a \$239,325 decrease from the previous period.

At June 30, 2011, fund balances assigned to funds other than the general fund was \$710,027, a \$403,041 decrease. The change is primarily due to the decrease in the balance of the RDA, a change of \$407,785.

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 \$37,487,470 at June 30, 2011.

The largest portion of the City's net assets is \$34,802,337 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, \$2,354,563 or 7.20%. 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. Current net assets decreased for governmental activities by \$5,867,077 or 53.01%. This decrease is due to the expenditure of balances for construction, such as the Art Center

and in part to sluggish sales tax revenues. To be able to continue with current operations, and include some necessary capital projects, the City has needed to use some unassigned fund balances in this period.

A significant portion of the remaining of the City's net assets \$1,420,768 represents resources that are now subject to external restrictions on how they may be utilized.

Centerville City Net Assets

	Governmental Activities 2011	Governmental Activities 2010	Business-Type Activities 2011	Business-Type Activities 2010	Total 2011	Total 2010
Current and other assets	\$6,620,606	\$12,487,683	\$873,784	\$896,816	\$7,494,390	\$13,384,499
Capital assets	\$32,802,384	\$26,560,822	\$14,375,848	\$14,310,031	\$47,178,232	\$40,870,853
Total assets	\$39,422,990	\$39,048,505	\$15,249,632	\$15,206,847	\$54,672,622	\$54,255,352
Long-term liabilities	\$10,490,170	\$11,931,632	\$2,805,344	\$3,022,700	\$13,295,514	\$14,954,332
Other liabilities	\$3,832,779	\$3,346,541	\$56,859	\$59,506	\$3,889,638	\$3,406,047
Total liabilities	\$14,322,949	\$15,278,173	\$2,862,203	\$3,082,206	\$17,185,152	\$18,360,379
Net assets						
Invested in capital assets, net of related debt	\$23,157,489	\$21,086,743	\$11,644,848	\$11,361,031	\$34,802,337	\$32,447,774
Restricted	\$314,049	\$6,014,400	\$1,106,719	\$1,091,180	\$1,420,768	\$7,105,580
Unrestricted	\$1,628,503	(\$3,330,811)	(\$364,138)	(\$327,570)	\$1,264,365	(\$3,658,381)
Total net assets	\$25,100,041	\$23,770,332	\$12,387,429	\$12,124,641	\$37,487,470	\$35,894,973

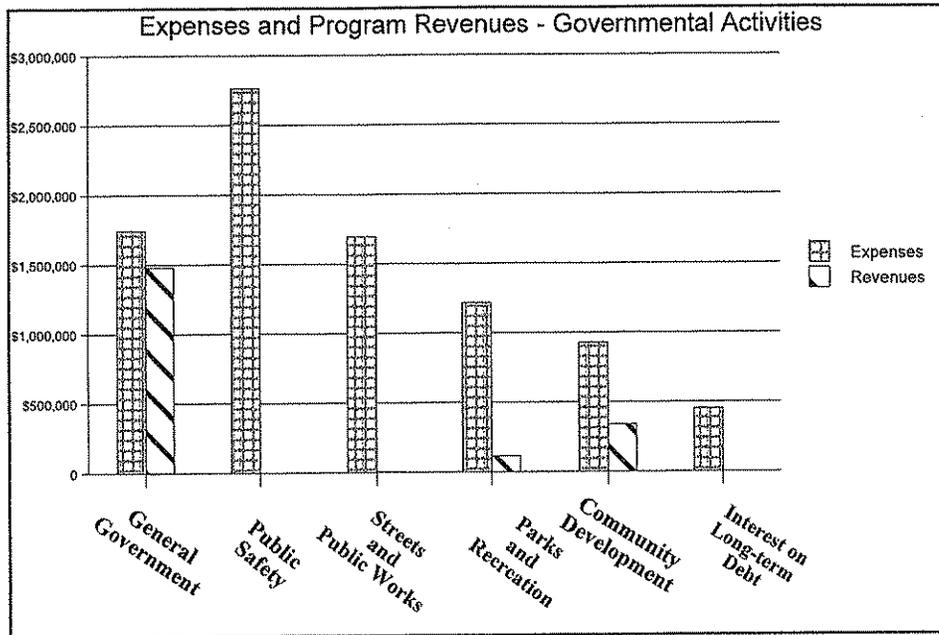
Centerville City Change in Net Assets

	Governmental Activities 2011	Governmental Activities 2010	Business-type Activities 2011	Business-type Activities 2010	Total 2011	Total 2010
Revenues						
Program revenues						
Charges for services	\$1,938,862	\$1,531,095	\$3,319,353	\$2,992,152	\$5,258,215	\$4,523,247
Operating grants and contributions	\$0	\$0	\$0	\$0	\$0	
Capital grants and contributions	\$1,202,285	\$2,256,903	\$12,000	\$350,000	\$1,214,285	\$2,606,903
General revenue						
Property tax and uniform vehicle fees	\$2,423,442	\$2,385,839	\$0	\$0	\$2,423,442	\$2,385,839
Other taxes	\$3,801,029	\$3,699,348	\$0	\$0	\$3,801,029	\$3,699,348
Other	\$706,511	\$332,628	\$15,111	\$17,677	\$721,622	\$350,305
Total revenue	<u>\$10,072,129</u>	<u>\$10,205,813</u>	<u>\$3,346,464</u>	<u>\$3,359,829</u>	<u>\$13,418,593</u>	<u>\$13,565,642</u>
Expenses						
General government	\$1,741,872	\$1,529,197			\$1,741,872	\$1,529,197
Public Safety	\$2,763,931	\$2,865,721			\$2,763,931	\$2,865,721
Streets and public works	\$1,694,141	\$1,937,663			\$1,694,141	\$1,937,663
Parks and recreation	\$1,217,390	\$1,200,377			\$1,217,390	\$1,200,377
Community development	\$927,596	\$642,469			\$927,596	\$642,469
Interest on long-term debt	\$450,822	\$493,361			\$450,822	\$493,361
Water			\$1,573,410	\$1,674,851	\$1,573,410	\$1,674,851
Sanitation			\$881,683	\$818,314	\$881,683	\$818,314
Storm drain			\$575,251	\$483,127	\$575,251	\$483,127
Total expenses	<u>\$8,795,752</u>	<u>\$8,668,788</u>	<u>\$3,030,344</u>	<u>\$2,976,292</u>	<u>\$11,826,096</u>	<u>\$11,645,080</u>
Increase in net assets before transfers	\$1,276,377	\$1,537,025	\$316,120	\$383,537	\$1,592,497	\$1,920,562
Transfers	\$53,332	\$174,187	(\$53,332)	(\$174,187)	\$0	
Increase (decrease) in net assets	<u>\$1,329,709</u>	<u>\$1,711,212</u>	<u>\$262,788</u>	<u>\$209,350</u>	<u>\$1,592,497</u>	<u>\$1,920,562</u>
Net assets, beginning	<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>
Net assets, ending	<u>\$25,100,041</u>	<u>\$23,770,332</u>	<u>\$12,387,429</u>	<u>\$12,124,641</u>	<u>\$37,487,470</u>	<u>\$35,894,973</u>

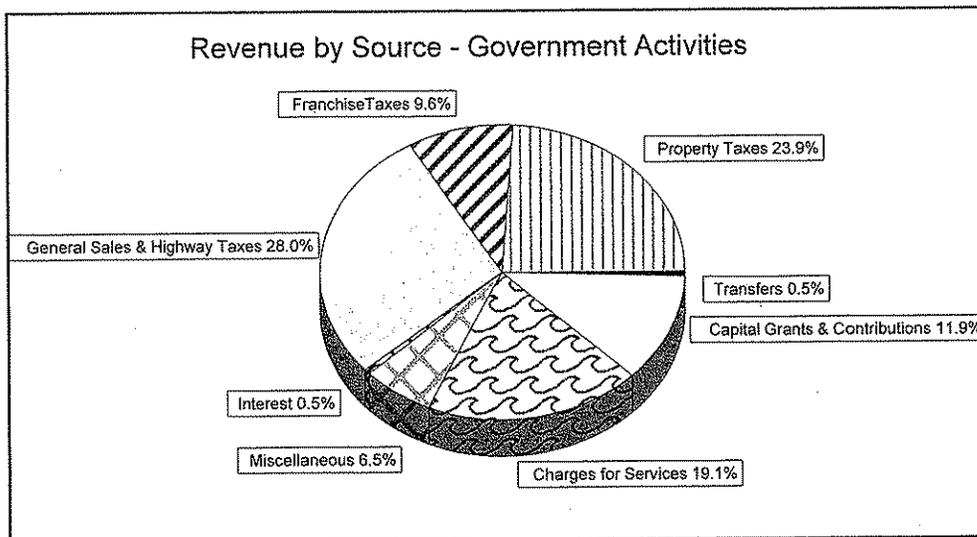
Governmental Activities

As noted in the table above, governmental activities increased net assets by \$1,329,709. The primary reason for the increase in net assets is the investment in infrastructure and construction 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.



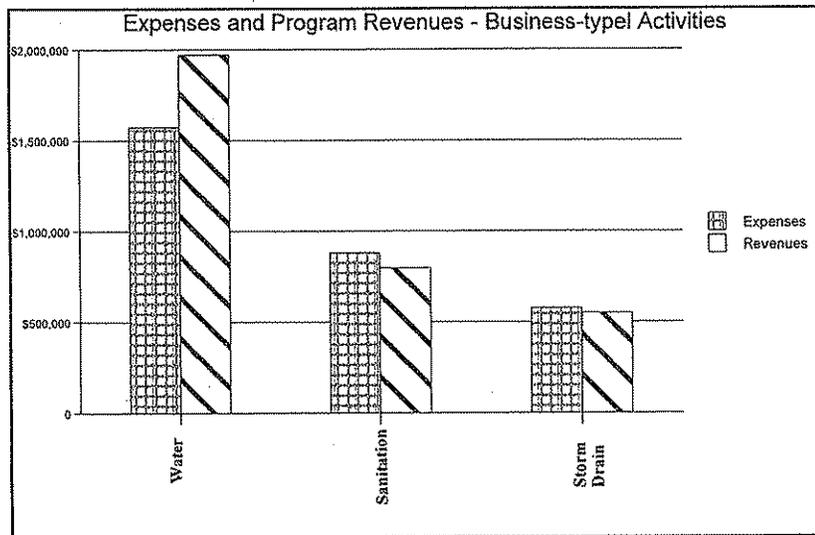
The following chart displays the major sources of governmental activity revenue. Taxes account for 61.50% of revenue that funds governmental activity in the current period.



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 \$301,009. Individual funds cover expenses over revenues from reserves.

Financial Analysis of the Governments Funds

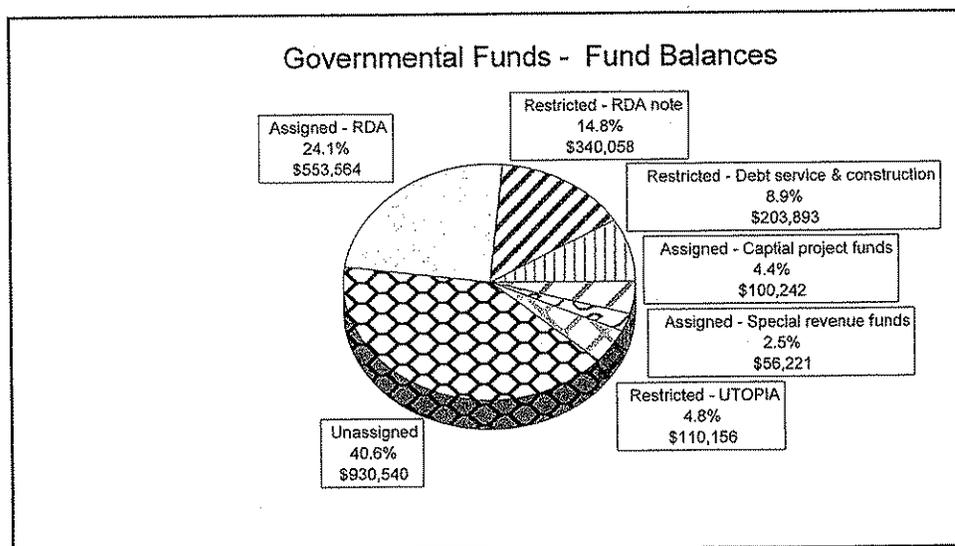
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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, 2011, the City's governmental funds reported a combined ending fund balance of \$2,294,674 a decrease of \$6,613,265, significantly less than the prior period which was \$8,907,939. The decrease is primarily due to the decrease in Restricted for Debt Service and Construction balances for construction of the Davis Center for the Performing Arts. \$1,669,461 is unrestricted or unassigned, or 72.75%, which is available for spending at the government's discretion. This is a decrease of \$785,344, or 32.99% from the prior period. The RDA had a decrease in fund balance of \$407,785, as a result of projects in the community including the Davis Center for the Performing Arts. As stated the Restricted balance greatly decreased from the prior period, \$5,799,027, to \$654,107. The Restricted Fund balances are 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, 2011 unassigned fund balance of the general fund was \$1,102,412 a decrease of \$239,325, or 17.83%. The total general fund balance was \$1,552,626. Total fund balance decreased by a total of \$431,496 from the prior period. A comparison of

the unassigned fund balance and the total fund balance to total fund expenditures is a measure of liquidity. Unassigned fund balance is equal to 14.77% of total general fund expenditures for the next fiscal year and total fund balance is equal to 20.81% of total general fund expenditures for the next fiscal year. The general fund has reserved fund balances for two purposes; Restricted for UTOPIA, \$110,156 which was reduced from the prior period by \$93,495. Restricted for RDA note, \$340,058 which was reduced by \$98,676 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 assigned fund balance of \$553,564. This is a \$407,785 decrease from the prior year, as the RDA was involved in several community improvement projects.

The Arts Center capital project fund is a 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 negative fund balance of \$171,872. This balance will be funded by participation by the RDA.

Other Governmental funds had a nominal net decrease in fund balances, of \$382.

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 \$9,519,733 at June 30, 2011. Total net assets increased by \$385,750, or 4.22%, primarily from investment in capital assets.

Drainage Utility

Total net assets at June 30, 2011 were \$2,802,141. Total net assets decreased by a nominal \$38,404 or, 1.35%.

Other proprietary

Other non-major proprietary funds, Sanitation, net assets totaled \$65,555 a decrease of \$84,558 or 56.33%, 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 \$7,759,703 (\$7,452,831 expenditures and \$306,872 transfers out) to \$8,173,276 which included \$7,903,950 expenditures and \$269,326 transfers out. This reflects total increase of \$413,573 or 5.33%. The total budget has decreased the last two years, \$8,782,742 and \$8,257,281 reflecting the slowing economy and decrease in

revenues.

Budget amendments occurred for nearly all budgetary levels. Most increases were due to additional construction, equipment, or costs incurred for commercial and residential development. The most significant changes were: \$269,973 increase for street improvements; \$46,953 increase for police equipment; and \$59,419 for increased equipment replacement in parks and recreation.

Increases were funded by use of unassigned fund balance, permits and services charged for development, and grants for equipment.

Total revenues had a negative variance between final amended budget to actual of 4.82%, or \$359,680. The most significant category with a negative variance is taxes, \$325,793 under budget. Sales tax revenues were the most significant category, that had a budget deficiency of over \$199,267, 6.4%. This reflects the slow recovery of the local and State economies. Revenue categories that had variances between the final amended budget and actual; Licenses and Permits a positive \$31,446, 9.30% (145.93% above original budget) was due to permits and charges for development in the City such as building permits and engineering fees. Intergovernmental revenues \$73,318, or 11.55%, mostly due to increased shared gas tax revenue from the State. Charges for services \$84,853 or 37.26%, due to development related fees. Fines and Forfeiture decreases significantly from the prior year and ended with a \$80,375 deficit. Fine revenue has been increasing steadily over the last number of years, but decreased during this period. Interest revenue was significantly under budget due to decreased cash reserves and low earning rate, \$138,083 under, or only 19.95% of budget.

The only one expenditure category had a negative variance from final budget to actual, UTOPIA pledges. The pledges were paid from a reserve with a trustee. The recording of the expenditures in this period was not budgeted for in this period. All categories combined had a positive variance of \$331,431, 4.38%. Expenditures including transfers, exceeded sources of funds by \$431,496, including use of \$94,642 of the UTOPIA reserve. Operating expenditures, not including transfers, increased from the prior period by \$229,922.

Capital Assets and Debt Administration

Centerville City's investment in capital assets for governmental and business-type activities at June 30, 2011 was \$47,178,232 (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 \$6,307,379 or 15.43%. Governmental activities increased capital assets (net of depreciation) \$6,241,562 or 23.50% , to \$32,802,384 of total assets (net of depreciation). Business type activities increased capital assets (net of depreciation) \$65,817 or .46% to \$14,375,848.

Major capital asset events during the current year were:

- 1) Governmental activities increased significantly in non-depreciated assets including The Davis Center for the Performing Arts was capitalized in this period increasing building assets by \$12,804,936, 227.42%, before depreciation. The significant increase to governmental activities (before depreciation); Machinery and equipment of \$1,461,936, 102.30%, again primarily due to the equipment in the Arts Center, and City Hall; investment in infrastructure, \$474,379, 7.98% and autos and trucks, 228,664, 11.14%.

2) Investment of business type activities in water distribution systems and sub-drain systems increased by the amount of \$65,817 (after depreciation). Prior to depreciation, Water distribution systems increased by \$258,445, 2.32%; Storm Drain Systems increased by \$176,616, 12.56%; Machinery and equipment \$45,482, 3.35%. Total depreciation increased by \$414,726.

Centerville City Capital Assets
(Net of depreciation)

	Governmental Activities 2011	Governmental Activities 2010	Business-Type Activities 2011	Business-Type Activities 2010	Total 2011	Total 2010
Land	\$7,444,402	\$7,444,402	\$177,122	\$177,122	\$7,621,524	\$7,621,524
Buildings	\$16,703,312	\$4,032,446	\$1,807,481	\$1,857,132	\$18,510,793	\$5,889,578
Improvements other than buildings	\$4,742	\$5,560	\$48,617	\$48,617	\$53,359	\$54,177
Machinery & equipment	\$1,819,180	\$447,454	\$324,275	\$334,442	\$2,143,455	\$781,896
Distribution & collection systems	\$0	\$0	\$12,018,353	\$11,892,718	\$12,018,353	\$11,892,718
Autos & trucks	\$806,553	\$789,846	\$0	\$0	\$806,553	\$789,846
Infrastructure	\$5,909,031	\$5,553,587	\$0	\$0	\$5,909,031	\$5,553,587
Furniture & fixtures	\$72,667	\$81,700	\$0	\$0	\$72,667	\$81,700
Construction in Process	\$42,497	\$8,205,827	\$0	\$0	\$42,497	\$8,205,827
Total	\$32,802,384	\$26,560,822	\$14,375,848	\$14,310,031	\$47,178,232	\$40,870,853

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, 2011, the long term outstanding bonds payable of the City was \$12,376,000. None of this amount is considered general obligation debt. This is a decrease from the prior period of \$1,578,000. All of the debt is considered revenue bonds (\$9,645,000 governmental activities and \$2,731,000 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 2011	Governmental Activities 2010	Business-type Activities 2011	Business-type Activities 2010	Total 2011	Total 2010
Compensated Absences	\$449,085	\$386,938	\$74,344	\$73,700	\$523,429	\$460,638
Note Payable	\$0	\$104,000	\$0	\$0	\$0	\$104,000
Revenue bonds	\$10,041,085	\$11,440,694	\$2,731,000	\$2,949,000	\$12,772,085	\$14,389,694
Total	\$10,490,170	\$11,931,632	\$2,805,344	\$3,022,700	\$13,295,514	\$14,954,332

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, 2012, the Utah and local economy was still sluggish, with indications 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. Sales tax receipts have increased over several months for the same time period in the previous year. However, sales tax receipts still are less than 2007. Unemployment has decreased slightly from 7.2% to 6.4%. The construction and construction related industries are affected the most. The struggling national and state economy is expected to begin to continue a slow recovery in 2012. Housing construction has slowed significantly in the State, and is struggling to rebound. Commercial construction has also slowed significantly. However, there has been an increase in recent months in 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 2011-2012, perhaps 3-4%. 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. A major 14 screen movie complex was completed, which will spur additional commercial development in this area. 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.
3. No tax increases are included in the fiscal year 2011-2012 budget. A 8% water rate increase was implemented in the 2011-2012 budget. There are no major operating cost increases anticipated in the coming year.
4. The City will likely commence a reconstruction of a major intersection, with a grant from the State of Utah, approaching \$1,700,000. Water projects to upgrade and for additional capacity are anticipated to begin in the spring of 2012. Over a period of years the cost of these projects is approximately \$2.5 million.

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, 2011

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 970,899	\$ 1,043,322	\$ 2,014,221
Receivables:			
Property and other taxes	2,564,870	-	2,564,870
Accounts	291,166	265,633	556,799
Loans	481,133	-	481,133
Prepays and other	-	32,355	32,355
Internal balances	1,623,298	(1,623,298)	-
Due from other governments	92,401	-	92,401
Bond issuance costs	277,989	49,053	327,042
Restricted assets:			
Cash and cash equivalents	318,609	1,106,719	1,425,328
Special assessment receivables	241	-	241
Water stock and rights	-	48,617	48,617
Land	7,444,402	177,122	7,621,524
Buildings	18,435,365	2,373,680	20,809,045
Improvements other than buildings	62,283	984,857	1,047,140
Machinery and equipment	2,890,875	1,402,167	4,293,042
Distribution and collection systems	-	14,931,037	14,931,037
Autos and trucks	2,189,891	-	2,189,891
Furniture and fixtures	111,575	-	111,575
Infrastructure	6,419,734	-	6,419,734
Construction in progress	42,497	-	42,497
Accumulated depreciation	(4,794,238)	(5,541,632)	(10,335,870)
Total assets	39,422,990	15,249,632	54,672,622
LIABILITIES			
Accounts payable	597,905	-	597,905
Accrued interest payable	63,166	46,539	109,705
Accrued liabilities	105,953	2,567	108,520
Unearned revenue	2,369,415	-	2,369,415
Deposits and bonds held	696,340	7,753	704,093
Non-current liabilities:			
Due within one year	1,751,239	257,556	2,008,795
Due in more than one year	8,738,931	2,547,788	11,286,719
Total liabilities	14,322,949	2,862,203	17,185,152
NET ASSETS			
Invested in capital assets, net of debt	23,157,489	11,644,848	34,802,337
Restricted for			
UTOPIA	110,156	-	110,156
Debt service and construction	203,893	1,106,719	1,310,612
Unrestricted	1,628,503	(364,138)	1,264,365
Total net assets	\$ 25,100,041	\$ 12,387,429	\$ 37,487,470

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

CENTERVILLE CITY CORPORATION

Statement of Activities

For the Year Ended June 30, 2011

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>GOVERNMENTAL ACTIVITIES</u>						
General government	\$ 1,741,872	\$ -	\$ -	\$ (263,217)	\$ -	\$ (263,217)
Public safety	2,763,931	-	-	(2,763,931)	-	(2,763,931)
Streets and public works	1,694,141	7,186	-	(1,686,955)	-	(1,686,955)
Parks and recreation	1,217,390	114,825	-	(1,102,565)	-	(1,102,565)
Community development	927,596	338,196	1,202,285	612,885	-	612,885
Interest on long-term debt	450,822	-	-	(450,822)	-	(450,822)
Total governmental activities	8,795,752	1,938,862	1,202,285	(5,654,605)	-	(5,654,605)
<u>BUSINESS-TYPE ACTIVITIES</u>						
Water	1,573,410	1,972,977	-	\$ 399,567	\$ -	\$ 399,567
Sanitation	881,683	796,831	-	(84,852)	-	(84,852)
Storm drain	575,251	549,545	12,000	(13,706)	-	(13,706)
Total business-type activities	3,030,344	3,319,353	12,000	301,009	301,009	301,009

GENERAL REVENUES AND TRANSFERS

General Revenues:

Taxes:

Property taxes	2,423,442	-	2,423,442
Franchise taxes	970,297	-	970,297
General sales taxes and highway sales taxes	2,830,732	-	2,830,732
Interest income	52,788	15,111	67,899
Miscellaneous	653,723	-	653,723
Transfers, net	53,332	(53,332)	-
Total general revenues and transfers	6,984,314	(38,221)	6,946,093
Change in net assets	1,329,709	262,788	1,592,497
Net assets - beginning	23,770,332	12,124,641	35,894,973
Net assets - ending	\$ 25,100,041	\$ 12,387,429	\$ 37,487,470

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

CENTERVILLE CITY CORPORATION
Balance Sheets – Governmental Funds
June 30, 2011

	General	Special Revenue		Other Governmental	Totals Governmental Funds
		Redevelopment Agency	Arts Center		
ASSETS					
Cash and cash equivalents	\$ 120,733	\$ 651,943	\$ -	\$ 198,223	\$ 970,899
Receivables:					
Sales, property and franchise taxes	1,509,842	1,004,395	-	50,633	2,564,870
Accounts	291,166	-	-	-	291,166
Loans receivable	-	-	278,330	202,803	481,133
Class C road funds	92,401	-	-	-	92,401
Due from other funds	1,691,969	200,395	-	-	1,892,364
Note receivable - interfund	340,058	-	-	-	340,058
Restricted assets:					
Cash and cash equivalents	110,156	-	105	208,348	318,609
Special assessments receivables	-	-	-	241	241
Total assets	<u>\$ 4,156,325</u>	<u>\$ 1,856,733</u>	<u>\$ 278,435</u>	<u>\$ 660,248</u>	<u>\$ 6,951,741</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 597,905	\$ -	\$ -	\$ -	\$ 597,905
Accrued liabilities	105,953	-	-	-	105,953
Payable from restricted assets:					
Deferred revenue	300,659	-	-	-	300,659
Deferred revenue - property taxes	902,842	963,111	-	-	1,865,953
Deferred revenue - loans receivable	-	-	278,330	202,803	481,133
Due to other funds	-	-	171,977	97,089	269,066
Deposits/bonds held	696,340	-	-	-	696,340
Note payable - interfund	-	340,058	-	-	340,058
Total liabilities	<u>2,603,699</u>	<u>1,303,169</u>	<u>450,307</u>	<u>299,892</u>	<u>4,657,067</u>
Fund balances					
Restricted for:					
UTOPIA	110,156	-	-	-	110,156
RDA note	340,058	-	-	-	340,058
Debt service and construction	-	-	-	203,893	203,893
Total restricted	<u>450,214</u>	<u>-</u>	<u>-</u>	<u>203,893</u>	<u>654,107</u>
Assigned to:					
Redevelopment Agency fund	-	553,564	-	-	553,564
Special revenue funds	-	-	-	56,221	56,221
Capital projects funds	-	-	-	100,242	100,242
Total assigned	<u>-</u>	<u>553,564</u>	<u>-</u>	<u>156,463</u>	<u>710,027</u>
Unassigned	1,102,412	-	(171,872)	-	930,540
Total fund balances	<u>1,552,626</u>	<u>553,564</u>	<u>(171,872)</u>	<u>360,356</u>	<u>2,294,674</u>
Total liabilities and fund balances	<u>\$ 4,156,325</u>	<u>\$ 1,856,733</u>	<u>\$ 278,435</u>	<u>\$ 660,248</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.	32,802,384
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	556,319
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(10,553,336)</u>
Net assets of governmental activities	<u>\$ 25,100,041</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, 2011

	Special Revenue			Other Governmental	Total Governmental Funds
	General	Redevelopment Agency	Arts Center		
REVENUES					
Taxes	\$ 4,825,503	\$ 1,126,782	\$ -	\$ 272,186	\$ 6,224,471
Special assessments	-	-	-	7,186	7,186
Licenses and permits	338,196	-	-	-	338,196
Intergovernmental	708,018	(25,750)	-	520,017	1,202,285
Charges for services	227,728	-	-	162,042	389,770
Fines and forfeitures	494,625	-	-	-	494,625
Charges for services - other funds	709,085	-	-	-	709,085
Interest	34,417	-	16,531	1,840	52,788
Miscellaneous	120,375	-	221,670	33,348	375,393
Total revenues	<u>7,457,947</u>	<u>1,101,032</u>	<u>238,201</u>	<u>996,619</u>	<u>9,793,799</u>
EXPENDITURES					
Current operating:					
General government	1,320,672	24,637	-	3,693	1,349,002
Public safety	2,879,202	-	-	-	2,879,202
Streets and public works	2,017,916	-	-	-	2,017,916
Community development	375,609	537,135	-	-	912,744
Parks and recreation	884,478	-	-	166,314	1,050,792
Capital outlay	-	-	6,040,697	5,534	6,046,231
Debt service:					
Principal retirement	-	-	-	1,474,093	1,474,093
Interest and fiscal charges	-	26,324	-	425,902	452,226
UTOPIA pledge payments	94,642	-	-	183,726	278,368
Total expenditures	<u>7,572,519</u>	<u>588,096</u>	<u>6,040,697</u>	<u>2,259,262</u>	<u>16,460,574</u>
Excess (deficiency) of revenues over expenditures	<u>(114,572)</u>	<u>512,936</u>	<u>(5,802,496)</u>	<u>(1,262,643)</u>	<u>(6,666,775)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	1,405,555	1,405,555
Sale of capital assets	12,178	-	-	-	12,178
Transfers out	(329,102)	(920,721)	-	(114,400)	(1,364,223)
Total other financing sources (uses)	<u>(316,924)</u>	<u>(920,721)</u>	<u>-</u>	<u>1,291,155</u>	<u>53,510</u>
Net change in fund balance	(431,496)	(407,785)	(5,802,496)	28,512	(6,613,265)
Fund balance - beginning of year	1,984,122	961,349	5,630,624	331,844	8,907,939
Fund balance - end of year	<u>\$ 1,552,626</u>	<u>\$ 553,564</u>	<u>\$ (171,872)</u>	<u>\$ 360,356</u>	<u>\$ 2,294,674</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, 2011

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) \$ (6,613,265)

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. 6,267,943

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. 1,701,412

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. (26,381)

Change in net assets of governmental activities (page 26) \$ 1,329,709

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, 2011

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 5,151,296	\$ 5,151,296	\$ 4,825,503	\$ (325,793)
Licenses and permits	231,750	306,750	338,196	31,446
Intergovernmental	627,200	634,700	708,018	73,318
Charges for services	97,875	142,875	227,728	84,853
Fines and forfeitures	605,000	575,000	494,625	(80,375)
Charges for services - other funds	709,085	709,085	709,085	-
Interest	172,500	172,500	34,417	(138,083)
Miscellaneous	73,656	125,421	120,375	(5,046)
Total revenues	7,668,362	7,817,627	7,457,947	(359,680)
EXPENDITURES				
Current operating:				
General government:				
Administration	400,071	403,864	394,980	8,884
Municipal council	90,443	76,913	59,054	17,859
Finance	452,085	466,890	465,963	927
Legal	390,079	409,716	400,675	9,041
Total general government	1,332,678	1,357,383	1,320,672	36,711
Fire	743,712	748,542	748,542	-
Public safety	2,144,698	2,191,651	2,130,660	60,991
Streets and public works	1,948,495	2,218,468	2,017,916	200,552
Community development	355,751	400,990	375,609	25,381
Parks and recreation	927,497	986,916	884,478	102,438
Debt Service - UTOPIA pledge payment	-	-	94,642	(94,642)
Total expenditures	7,452,831	7,903,950	7,572,519	331,431
Excess (deficiency) of revenues over expenditures	215,531	(86,323)	(114,572)	(28,249)
OTHER FINANCING SOURCES (USES)				
Transfers out	(306,872)	(269,326)	(329,102)	(59,776)
Sale of capital assets	20,000	20,000	12,178	(7,822)
Total other financing sources (uses)	(286,872)	(249,326)	(316,924)	(67,598)
Net change in fund balance	(71,341)	(335,649)	(431,496)	(95,847)
Fund balance - beginning of year	1,984,122	1,984,122	1,984,122	-
Fund balance - end of year	\$ 1,912,781	\$ 1,648,473	\$ 1,552,626	\$ (95,847)

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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Taxes	\$ 1,252,500	\$ 1,252,500	\$ 1,126,782	\$ (125,718)
Total revenues	<u>1,252,500</u>	<u>1,252,500</u>	<u>1,101,032</u>	<u>(151,468)</u>
<u>EXPENDITURES</u>				
Current operating:				
General government	20,500	20,500	24,637	(4,137)
Community development	267,250	567,250	537,135	30,115
Debt service:				
Interest and fiscal charges	125,000	125,000	26,324	98,676
Total expenditures	<u>412,750</u>	<u>712,750</u>	<u>588,096</u>	<u>124,654</u>
Excess (deficiency) of revenues over expenditures	<u>839,750</u>	<u>539,750</u>	<u>512,936</u>	<u>(26,814)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(900,000)	(900,000)	(920,721)	(20,721)
Total other financing sources (uses)	<u>(900,000)</u>	<u>(900,000)</u>	<u>(920,721)</u>	<u>(20,721)</u>
Net change in fund balance	(60,250)	(360,250)	(407,785)	(47,535)
Fund balance - beginning of year	961,349	961,349	961,349	-
Fund balance - end of year	<u>\$ 901,099</u>	<u>\$ 601,099</u>	<u>\$ 553,564</u>	<u>\$ (47,535)</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Interest	\$ 30,000	\$ 30,000	\$ 16,531	\$ (13,469)
Miscellaneous	500,000	500,000	221,670	(278,330)
Total revenues	<u>530,000</u>	<u>530,000</u>	<u>238,201</u>	<u>(291,799)</u>
<u>EXPENDITURES</u>				
Capital outlay	5,375,004	5,375,004	6,040,697	(665,693)
Total expenditures	<u>5,375,004</u>	<u>5,375,004</u>	<u>6,040,697</u>	<u>(665,693)</u>
Net change in fund balance	(4,845,004)	(4,845,004)	(5,802,496)	(957,492)
Fund balance - beginning of year	<u>5,630,624</u>	<u>5,630,624</u>	<u>5,630,624</u>	<u>-</u>
Fund balance - end of year	<u>\$ 785,620</u>	<u>\$ 785,620</u>	<u>\$ (171,872)</u>	<u>\$ (957,492)</u>

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

CENTERVILLE CITY CORPORATION
Statement of Net Assets – Proprietary Funds
June 30, 2011

	Water Fund	Drainage Utility Fund	Other Proprietary Fund - Sanitation	Total Proprietary Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 847,800	\$ 195,522	\$ -	\$ 1,043,322
Receivables:				
Accounts receivable, net	114,953	50,394	66,468	231,815
Unbilled receivables	33,818	-	-	33,818
Prepaid and other	32,355	-	-	32,355
Due from other funds	158,474	-	-	158,474
Total current assets	<u>1,187,400</u>	<u>245,916</u>	<u>66,468</u>	<u>1,499,784</u>
Noncurrent assets:				
Other assets:				
Restricted cash	534,822	571,897	-	1,106,719
Unamortized bond issuance costs	27,649	21,404	-	49,053
Total other assets	<u>562,471</u>	<u>593,301</u>	<u>-</u>	<u>1,155,772</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	11,408,202	-	-	11,408,202
Buildings and wells	2,373,680	-	-	2,373,680
Machinery and equipment	788,576	152,338	461,253	1,402,167
Sub-drain system	-	1,940,244	-	1,940,244
Storm drain system	-	1,582,591	-	1,582,591
Accumulated depreciation	(4,735,105)	(390,670)	(415,857)	(5,541,632)
Net property, plant and equipment	<u>11,045,949</u>	<u>3,284,503</u>	<u>45,396</u>	<u>14,375,848</u>
Total noncurrent assets	<u>11,608,420</u>	<u>3,877,804</u>	<u>45,396</u>	<u>15,531,620</u>
Total Assets	<u>12,795,820</u>	<u>4,123,720</u>	<u>111,864</u>	<u>17,031,404</u>
LIABILITIES				
Current liabilities:				
Accrued liabilities	1,380	-	-	1,380
Accrued interest payable	19,389	27,150	-	46,539
Compensated absences	21,556	-	-	21,556
Due to other funds	1,534,787	208,429	38,556	1,781,772
Bonds payable - current	205,000	31,000	-	236,000
Security deposits	-	-	7,753	7,753
Due to subdividers	1,187	-	-	1,187
Total current liabilities	<u>1,783,299</u>	<u>266,579</u>	<u>46,309</u>	<u>2,096,187</u>
Long-term liabilities:				
Bonds payable	1,440,000	1,055,000	-	2,495,000
Compensated absences	52,788	-	-	52,788
Total long-term liabilities	<u>1,492,788</u>	<u>1,055,000</u>	<u>-</u>	<u>2,547,788</u>
Total Liabilities	<u>3,276,087</u>	<u>1,321,579</u>	<u>46,309</u>	<u>4,643,975</u>
NET ASSETS				
Invested in capital assets, net of related debt	9,400,949	2,198,503	45,396	11,644,848
Restricted for debt service and development	534,822	571,897	-	1,106,719
Unrestricted	(416,038)	31,741	20,159	(364,138)
Total Net Assets	<u>\$ 9,519,733</u>	<u>\$ 2,802,141</u>	<u>\$ 65,555</u>	<u>\$ 12,387,429</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, 2011

	Water Fund	Drainage Utility Fund	Other Proprietary Fund - Sanitation	Total Proprietary Funds
<u>OPERATING REVENUES</u>				
Charges for services	\$ 1,511,089	\$ 549,545	\$ 793,259	\$ 2,853,893
Connection and servicing	19,116	-	2,870	21,986
Miscellaneous	4,968	-	702	5,670
Total operating revenues	<u>1,535,173</u>	<u>549,545</u>	<u>796,831</u>	<u>2,881,549</u>
<u>OPERATING EXPENSES</u>				
Salaries and wages	271,365	43,915	-	315,280
Employee benefits	127,178	24,365	-	151,543
Water purchases	66,740	-	-	66,740
Utility costs	83,572	760	-	84,332
Maintenance and supplies	239,914	180,408	144,578	564,900
Tipping fees and contractual services	-	5,169	629,205	634,374
Professional and technical services	29,254	25,368	250	54,872
Administration and overhead	358,047	155,260	95,528	608,835
Depreciation	314,614	87,990	12,122	414,726
Total operating expenses	<u>1,490,684</u>	<u>523,235</u>	<u>881,683</u>	<u>2,895,602</u>
Operating income (loss)	<u>44,489</u>	<u>26,310</u>	<u>(84,852)</u>	<u>(14,053)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Development and construction fees	437,804	-	-	437,804
Interest revenue	10,627	4,190	294	15,111
Interest expense	(82,726)	(52,016)	-	(134,742)
Total non-operating revenues (expenses)	<u>365,705</u>	<u>(47,826)</u>	<u>294</u>	<u>318,173</u>
Income before contributions and transfers	410,194	(21,516)	(84,558)	304,120
Transfers in	28,888	-	-	28,888
Transfers out	(53,332)	(28,888)	-	(82,220)
Developer contributions	-	12,000	-	12,000
Change in net assets	385,750	(38,404)	(84,558)	262,788
Total net assets, beginning of year	<u>9,133,983</u>	<u>2,840,545</u>	<u>150,113</u>	<u>12,124,641</u>
Total net assets, end of year	<u>\$ 9,519,733</u>	<u>\$ 2,802,141</u>	<u>\$ 65,555</u>	<u>\$ 12,387,429</u>

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

CENTERVILLE CITY CORPORATION
Statement of Cash Flows – Proprietary Funds
June 30, 2011

	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)	\$ 1,534,796	\$ 550,345	\$ 801,360	\$ 2,886,501
Cash paid to suppliers	(773,431)	(364,587)	(869,561)	(2,007,579)
Cash paid to employees	(397,899)	(68,280)	-	(466,179)
Net cash provided (used) by operating activities	<u>363,466</u>	<u>117,478</u>	<u>(68,201)</u>	<u>412,743</u>
<u>Cash flows from non-capital financing activities</u>				
Transfers to other funds	(53,332)	(28,888)	-	(82,220)
Transfers from other funds	28,888	-	-	28,888
Increase (decrease) in amounts due to other funds	28,382	49,955	38,556	116,893
Net cash provided (used) by non-capital financing activities	<u>3,938</u>	<u>21,067</u>	<u>38,556</u>	<u>63,561</u>
<u>Cash flow from capital and related financing activities</u>				
Bond payments - principal	(195,000)	(23,000)	-	(218,000)
Bond payments - interest	(84,798)	(52,591)	-	(137,389)
Purchase of capital assets	(289,127)	(164,616)	(14,800)	(468,543)
Impact fees	437,804	-	-	437,804
Net cash provided (used) by capital and related financing activities	<u>(131,121)</u>	<u>(240,207)</u>	<u>(14,800)</u>	<u>(386,128)</u>
<u>Cash flow from investing activities</u>				
Interest earned on investments	10,627	4,190	294	15,111
Net cash provided by investing activities	<u>10,627</u>	<u>4,190</u>	<u>294</u>	<u>15,111</u>
Net increase (decrease) in cash and cash equivalents	246,910	(97,472)	(44,151)	105,287
Cash and cash equivalents at beginning of year	1,135,712	864,891	44,151	2,044,754
Cash and cash equivalents at end of year	<u>\$ 1,382,622</u>	<u>\$ 767,419</u>	<u>\$ -</u>	<u>\$ 2,150,041</u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>				
Operating income (loss)	\$ 44,489	\$ 26,310	\$ (84,852)	(14,053)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	318,710	90,368	12,122	421,200
Decrease (increase) in accounts receivable	(377)	800	4,529	4,952
Increase (decrease) in compensated absences	644	-	-	644
Total adjustments	<u>318,977</u>	<u>91,168</u>	<u>16,651</u>	<u>426,796</u>
Net cash provided (used) by operating activities	<u>\$ 363,466</u>	<u>\$ 117,478</u>	<u>\$ (68,201)</u>	<u>\$ 412,743</u>
Capital and related financing activities not affecting cash:				
Developer contribution of capital assets	<u>\$ -</u>	<u>\$ 12,000</u>	<u>\$ -</u>	<u>\$ 12,000</u>

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

CENTERVILLE CITY CORPORATION
Statement of Net Assets – Fiduciary Fund
June 30, 2011

	<u>Trust Fund</u> <u>Total</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 17,049
Total assets	<u>17,049</u>
<u>NET ASSETS</u>	
Unrestricted	<u>17,049</u>
Total net assets	<u>\$ 17,049</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, 2011

	Trust Fund Total
<u>ADDITIONS</u>	
Miscellaneous:	
Donations	\$ 28,370
Transfer in	12,000
Total additions	40,397
<u>DEDUCTIONS</u>	
Administrative	48,982
Total deductions	48,982
Change in net assets	(8,585)
Net assets - beginning	25,634
Net assets - ending	\$ 17,049

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, 2011

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, 2011

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, 2011

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, 2011

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, 2011 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, 2011

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, 2011

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.

Fund Equity GASB Statement No. 54 provided new reporting categories for fund balance in governmental funds. The categories and descriptions are as follows:

Nonspendable Fund Balance – Prepaid expenditures and other similar assets not in a spendable form or that are contractually required to be maintained intact are classified as nonspendable fund balance.

Restricted Fund Balance – Assets that are constrained by externally imposed restrictions, or by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts formally designated by City Council through ordinance or resolution for a specific purpose that cannot be used for another purpose unless the City Council formally changes the use.

Assigned Fund Balance – Amounts constrained by City Council or City Management for a specific purpose normally through the appropriations process in establishing and amending budgets. Furthermore, funds in special revenue, capital project, and permanent funds are by their nature assigned to the purpose for which the resources are collected.

Unassigned Fund Balance – Amounts that may be used for any governmental purpose.

When an expenditure qualifies to be used from more than one fund balance classification identified above, it is the City's policy to use resources in the following order: restricted, committed, assigned, and then unassigned.

The City has not adopted a formal policy on minimum fund balance. However, state statute requires the City to maintain a minimum fund balance in the general fund of at least 5% of total revenues.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2011

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	\$ 37,596,622
Accumulated depreciation	<u>(4,794,238)</u>
Total difference	<u><u>\$ 32,802,384</u></u>

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, 2011 were:

Sales tax revenue bonds	\$ 9,370,000
Bond issuance premium	396,085
Lease revenue refunding bonds	275,000
Interest payable on long-term debt	63,166
Compensated absences	<u>449,085</u>
Total difference	<u><u>\$ 10,553,336</u></u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2011

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

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	\$ 6,806,585
Depreciation expense	<u>(538,642)</u>
Net difference, as reported	<u>\$ 6,267,943</u>

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.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2011

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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

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

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

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

State law requires that departments or funds do not exceed the amounts appropriated in the final adopted budget. The Redevelopment Agency Special Revenue Fund had Other Financing Uses – Transfers Out in excess of budget of \$20,721. The Arts Center Special Revenue Fund had Capital Outlay in excess of budget of \$665,693. The Arts Center Special Revenue Fund and the SID Porter Lane Debt Service Fund had deficit fund balances of \$171,872 and \$235, respectively, at June 30, 2011. 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.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2011

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Tax Revenues (Continued)

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

4. DETAILED NOTES FOR ALL FUNDS

Cash and Investments

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Council. As of June 30, 2011, \$116,258 of the City's bank balance of \$366,528 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, 2011, the City had investments of \$2,920,090 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 \$110,156.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2011

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

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	\$ 2,014,221
Restricted cash and cash equivalents	<u>1,425,328</u>
	<u><u>\$ 3,439,549</u></u>

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	Arts Center	Water	Drainage Utility	Nonmajor and Other Funds	Total
Receivables:							
Taxes	\$ 1,509,842	\$ 1,004,395	\$ -	\$ -	\$ -	50,633	\$ 2,564,870
Accounts and other	291,166	-	278,330	173,772	52,394	275,271	1,070,933
Special assessments	-	-	-	-	-	241	241
Intergovernmental	92,401	-	-	-	-	-	92,401
	1,893,409	1,004,395	278,330	173,772	52,394	326,145	3,728,445
Gross receivables							
Less: allowance for uncollectibles	-	-	-	(25,001)	(2,000)	(6,000)	(33,001)
	-	-	-	(25,001)	(2,000)	(6,000)	(33,001)
Net total receivables	\$ 1,893,409	\$ 1,004,395	\$ 278,330	\$ 148,771	\$ 50,394	\$ 320,145	\$ 3,695,444

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2011

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Receivables (Continued)

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

	Unavailable	Unearned
Property taxes receivable (General Fund)	\$ 902,842	\$ -
Property taxes receivable (RDA Fund)	963,111	-
Various prepayments received (General Fund)	-	300,659
Receivable from nonprofit organization (Arts Center Fund)	278,330	-
Receivable from UTOPIA (nonmajor governmental fund)	202,803	-
 Total deferred/unearned revenue for governmental funds	 \$ 2,347,086	 \$ 300,659

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2011

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	07/01/10	Increases	Decreases	06/30/11
<u>Governmental activities</u>				
Capital assets, not depreciated:				
Land	\$ 7,444,402	\$ -	\$ -	\$ 7,444,402
Construction in progress	8,205,827	42,497	(8,205,827)	42,497
 Total capital assets, not depreciated	 15,650,229	 42,497	 (8,205,827)	 7,486,899
Capital assets, depreciated:				
Buildings	5,630,429	12,804,936	-	18,435,365
Improvements	62,283	-	-	62,283
Infrastructure	5,945,355	474,379	-	6,419,734
Machinery and equipment	1,428,939	1,461,936	-	2,890,875
Autos and trucks	2,051,931	228,664	(90,704)	2,189,891
Furniture and fixtures	111,575	-	-	111,575
 Total capital assets, depreciated	 15,230,512	 14,969,915	 (90,704)	 30,109,723
Less: accumulated depreciation:				
Buildings	(1,597,983)	(134,070)	-	(1,732,053)
Improvements	(56,723)	(818)	-	(57,541)
Infrastructure	(391,768)	(118,935)	-	(510,703)
Machinery and equipment	(981,485)	(90,210)	-	(1,071,695)
Autos and trucks	(1,262,085)	(185,576)	64,323	(1,383,338)
Furniture and fixtures	(29,875)	(9,033)	-	(38,908)
 Total accumulated depreciation	 (4,319,919)	 (538,642)	 64,323	 (4,794,238)
 Net governmental capital assets	 \$26,560,822	 \$14,473,770	 \$(8,232,208)	 \$32,802,384

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2011

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets (Continued)

	07/01/10	Increases	Decreases	06/30/11
<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	225,739	-	-	225,739
Capital assets, depreciated:				
Reservoirs	984,857	-	-	984,857
Water distribution system	11,149,757	258,445	-	11,408,202
Sub-drain system	1,940,244	-	-	1,940,244
Storm drain system	1,405,975	176,616	-	1,582,591
Buildings and wells	2,373,680	-	-	2,373,680
Machinery and equipment	1,356,685	45,482	-	1,402,167
Total capital assets, depreciated	19,211,198	480,543	-	19,691,741
Less: accumulated depreciation:				
Reservoirs	(660,942)	(21,643)	-	(682,585)
Water distribution system	(2,684,007)	(220,849)	-	(2,904,856)
Sub-drain system	(155,176)	(38,805)	-	(193,981)
Storm drain system	(87,990)	(28,129)	-	(116,119)
Buildings and wells	(516,548)	(49,651)	-	(566,199)
Machinery and equipment	(1,022,243)	(55,649)	-	(1,077,892)
Total accumulated depreciation	(5,126,906)	(414,726)	-	(5,541,632)
Net business-type capital assets	\$14,310,031	\$ 65,817	\$ -	\$14,375,848

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2011

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	\$ 119,398
Public safety	99,190
Highways and public improvements	150,604
Parks, recreation, and public property	166,598
Community development	<u>2,852</u>

Total depreciation expense - governmental activities \$ 538,642

Business-type activities:

Water	\$ 314,614
Drainage Utility	87,990
Sanitation	<u>12,122</u>

Total depreciation expense - business-type activities \$ 414,726

Interfund Receivable, Payables and Transfers

At June 30, 2011, 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	\$ 97,089
General	Water	1,534,787
General	Drainage Utility	49,955
General	Sanitation Fund	10,138
RDA	Arts Center	171,977
RDA	Sanitation Fund	28,418
Water	Drainage Utility	<u>158,474</u>
		<u><u>\$ 2,050,838</u></u>

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

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2011

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, 2011 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ 317,102
Water	Nonmajor Governmental Funds	53,332
Redevelopment Agency	Nonmajor Governmental Funds	920,721
Nonmajor Governmental Funds	Nonmajor Governmental Funds	114,400
General	Fiduciary Fund	12,000
Drainage Utility	Water	28,888
		<u>\$ 1,446,443</u>

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

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2011

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, 2011 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	\$ 275
Sales Tax Revenue, Series 2009	11,655	\$570 to \$1,120	3.00% to 4.00%	5/1/2021	9,370
Water Series 2002	3,025	\$155 to \$270	3.00% to 5.00%	10/1/2017	1,645
Water Series 2003	1,142	\$1 to \$226	3.00%	10/1/2020	1,086
	<u>\$ 18,337</u>				<u>\$ 12,376</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>
2012	\$ 1,621	\$ 472	\$ 2,093
2013	1,585	408	1,993
2014	1,614	344	1,958
2015	1,713	279	1,992
2016	1,843	209	2,052
2017 - 2021	4,000	419	4,419
	<u>\$ 12,376</u>	<u>\$ 2,131</u>	<u>\$ 14,507</u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2011

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>07/01/10</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/11</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
MBA lease revenue	\$ 470,000	\$ -	\$ (195,000)	\$ 275,000	\$ 200,000
Sales tax revenue	10,535,000	-	(1,165,000)	9,370,000	1,185,000
Unamortized premium	435,694	-	(39,609)	396,085	39,609
Total bonds payable	11,440,694	-	(1,399,609)	10,041,085	1,424,609
Note payable	104,000	-	(104,000)	-	-
Compensated absences	386,938	357,533	(295,386)	449,085	326,630
Governmental activity long-term liabilities	<u>\$11,931,632</u>	<u>\$ 357,533</u>	<u>\$ (1,798,995)</u>	<u>\$10,490,170</u>	<u>\$ 1,751,239</u>
<u>Business-type activities</u>					
Bonds payable:					
Revenue bonds	\$ 2,949,000	\$ -	\$ (218,000)	\$ 2,731,000	\$ 236,000
Total bonds payable	2,949,000	-	(218,000)	2,731,000	236,000
Compensated absences	73,700	64,102	(63,458)	74,344	21,556
Business-type activity long-term liabilities	<u>\$ 3,022,700</u>	<u>\$ 64,102</u>	<u>\$ (281,458)</u>	<u>\$ 2,805,344</u>	<u>\$ 257,556</u>

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

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2011

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 \$1,126,782 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies. There is \$340,058 outstanding debt of the RDA at June 30, 2011 due to the General Fund.

During the year ended June 30, 2011, funds expended by the RDA were limited to the categories of debt service, capital outlay and administration costs. Administrative costs totaled \$212,000, and capital outlay expenditures totaled \$349,772 for the year.

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

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2011

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; 9.36% to the Local Government Contributory Retirement System (13.37% to the related Noncontributory Retirement System) and 26.13% 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, 2011, 2010 and 2009, were equal to the required contributions for each year. The contribution amounts are as follows:

	2011	2010	2009
Local Governmental Contributory Retirement System	\$ 22,240	\$ 18,806	\$ 18,809
Local Governmental Noncontributory Retirement System	213,011	182,587	180,895
Public Safety Retirements System for Employers with Social Security Coverage	197,131	171,127	180,974

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 \$5,163, \$5,336, and \$4,677 for the years ended June 30, 2011, 2010 and 2009, respectively.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2011

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 \$44,789, \$44,270, and \$47,124 for the years ended June 30, 2011, 2010 and 2009 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 City did not make a contribution to the supplemental defined contribution plan for the fiscal year ended June 30, 2011.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2011

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, 2010 the net assets deficit was \$166,421,069. The audited financial statements for UTOPIA as of June 30, 2011 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, 2011, the City's percentage of the Debt Service Reserve shortfall was 3.31% 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.

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 during the year ended June 30, 2011 totaled \$278,368.

According to the Amended and Restated Pledge and Loan Agreement, the amounts withdrawn from the City's share of the debt service reserve fund become a loan to UTOPIA. A loan receivable for \$202,803 is recorded in the UTOPIA capital projects fund with an offsetting entry to deferred revenue. It is currently unclear whether UTOPIA will be in a position to repay the loan.

CENTERVILLE CITY CORPORATION
Combining Balance Sheet – Non-major Governmental Funds
June 30, 2011

	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
ASSETS									
Cash and cash equivalents	\$ 925	\$ 55,296	\$ 1,562	\$ -	\$ 3,640	\$ 2,464	\$ -	\$ 5,200	\$ 28,894
Receivables:									
Sales, property, and franchise taxes	-	-	-	-	-	-	-	-	50,633
Accounts	-	-	-	-	-	-	-	-	-
Restricted assets:									
Cash and cash equivalents	-	-	-	208,348	-	-	-	-	-
Special assessments receivables	-	-	-	-	-	-	241	-	-
Total assets	\$ 925	\$ 55,296	\$ 1,562	\$ 208,348	\$ 3,640	\$ 2,464	\$ 241	\$ 5,200	\$ 79,527
LIABILITIES AND FUND BALANCES									
Liabilities:									
Payable from restricted assets:									
Deferred revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	17,086	-	-	476	-	79,527
Total liabilities	-	-	-	17,086	-	-	476	-	79,527
Fund Balances:									
Restricted for:									
Debt service	-	-	1,562	191,262	3,640	2,464	(235)	5,200	-
Assigned	925	55,296	-	-	-	-	-	-	-
Total fund balances	925	55,296	1,562	191,262	3,640	2,464	(235)	5,200	-
Total liabilities and fund balances	\$ 925	\$ 55,296	\$ 1,562	\$ 208,348	\$ 3,640	\$ 2,464	\$ 241	\$ 5,200	\$ 79,527

(Continued)

CENTERVILLE CITY CORPORATION
Combining Balance Sheet – Non-major Governmental Funds (Continued)
June 30, 2011

	<u>Capital Projects</u>			Total
	Storm Drain	UTOPIA	Park Improvements Fund	
\$ 11,450	\$ 88,792	\$ -	\$ -	\$ 198,223
-	-	-	-	50,633
-	202,803	-	-	202,803
-	-	-	-	208,348
-	-	-	-	241
<u>\$ 11,450</u>	<u>\$ 291,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 660,248</u>

ASSETS

Cash and cash equivalents

Receivables:

Sales, property, and franchise taxes

Accounts

Restricted assets:

Cash and cash equivalents

Special assessments receivables

Total assets

LIABILITIES AND FUND BALANCES

Liabilities:

Payable from restricted assets:

Deferred revenue

Due to other funds

Total liabilities

Fund Balances:

Restricted for:

Debt service

Assigned

Total fund balances

Total liabilities and fund balances

\$ -	\$ 202,803	\$ -	\$ -	\$ 202,803
-	-	-	-	97,089
-	202,803	-	-	299,892
-	-	-	-	203,893
11,450	88,792	-	-	156,463
11,450	88,792	-	-	360,356
<u>\$ 11,450</u>	<u>\$ 291,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 660,248</u>

CENTERVILLE CITY CORPORATION
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances --
Non-major Governmental Funds
For the Year Ended June 30, 2011

	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
<u>REVENUES</u>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 272,186
Special assessments	-	-	47	-	-	6,469	670	-	-
Intergovernmental	-	-	-	-	-	-	-	-	520,017
Charges for services	-	105,353	-	-	-	-	-	-	-
Interest	-	-	5	-	-	34	-	-	1,459
Miscellaneous	-	33,348	-	-	-	-	-	-	-
Total revenues	-	138,701	52	-	-	6,503	670	-	793,662
<u>EXPENDITURES</u>									
Current operating:									
General government	1,193	-	-	-	-	-	-	-	2,500
Parks and recreation	-	159,551	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	195,000	-	7,162	2,931	104,000	1,165,000
Interest and fiscal charges	-	-	-	18,614	-	2,916	147	5,200	399,025
UTOPIA pledge payment	-	-	-	-	-	-	-	-	-
Total expenditures	1,193	159,551	-	213,614	-	10,078	3,078	109,200	1,566,525
Excess (deficiency) of revenues over expenditures	(1,193)	(20,850)	52	(213,614)	-	(3,575)	(2,408)	(109,200)	(772,863)
<u>OTHER FINANCING SOURCES (USES)</u>									
Transfers in	1,300	30,000	-	213,255	-	-	-	114,400	797,721
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources	1,300	30,000	-	213,255	-	-	-	114,400	797,721
Net change in fund balance	107	9,150	52	(359)	-	(3,575)	(2,408)	5,200	24,858
Fund balance - beginning of year	818	46,146	1,510	191,621	3,640	6,039	2,173	-	(24,858)
Fund balance - end of year	\$ 925	\$ 55,296	\$ 1,562	\$ 191,262	\$ 3,640	\$ 2,464	\$ (235)	\$ 5,200	\$ -

(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, 2011

	<u>Capital Projects</u>			<u>Total</u>
	<u>Storm Drain</u>	<u>Park Improvements Fund</u>	<u>Non-major Governmental Funds</u>	
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ 272,186
Special assessments	-	-	-	7,186
Intergovernmental	-	-	-	520,017
Charges for services	24,289	32,400	-	162,042
Interest	26	25	291	1,840
Miscellaneous	-	-	-	33,348
Total revenues	24,315	32,425	291	996,619
<u>EXPENDITURES</u>				
Current operating:				
General government	-	-	-	3,693
Parks and recreation	-	6,763	-	166,314
Capital outlay	-	-	5,534	5,534
Debt service:				
Principal retirement	-	-	-	1,474,093
Interest and fiscal charges	-	-	-	425,902
UTOPIA pledge payment	-	-	183,726	183,726
Total expenditures	-	6,763	189,260	2,259,262
Excess (deficiency) of revenues over expenditures	24,315	(188,969)	25,662	(1,262,643)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	123,000	125,879	1,405,555
Transfers out	-	-	(114,400)	(114,400)
Total other financing sources	-	123,000	11,479	1,291,155
Net change in fund balance	24,315	(65,969)	37,141	28,512
Fund balance - beginning of year	(12,865)	154,761	(37,141)	331,844
Fund balance - end of year	\$ 11,450	\$ 88,792	\$ -	\$ 360,356

CENTERVILLE CITY CORPORATION
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual
Municipal Building Authority
For the Year Ended June 30, 2011

	<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	1,193	107
Total expenditures	1,300	1,300	1,193	107
Excess of revenues over expenditures	(1,300)	(1,300)	(1,193)	107
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,300	1,300	1,300	-
Net change in fund balance	-	-	107	107
Fund balance at beginning of year	818	818	818	-
Fund balance at end of year	<u>\$ 818</u>	<u>\$ 818</u>	<u>\$ 925</u>	<u>\$ 107</u>

CENTERVILLE CITY CORPORATION
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual
Recreation Fund
For the Year Ended June 30, 2011

	<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	\$ 111,000	\$ 105,353	\$ (5,647)
Field use agreement	4,000	4,000	0	(4,000)
Concession sales	9,860	29,860	33,348	3,488
	<u>117,860</u>	<u>144,860</u>	<u>138,701</u>	<u>(6,159)</u>
<u>EXPENDITURES</u>				
Salaries and wages	63,500	76,500	79,326	(2,826)
Employee benefits	9,210	9,210	11,124	(1,914)
Materials, supplies and other	47,000	61,000	41,913	19,087
Youth baseball/softball	30,000	30,000	27,188	2,812
	<u>149,710</u>	<u>176,710</u>	<u>159,551</u>	<u>17,159</u>
Excess (deficiency) of revenues over (under) expenditures	(31,850)	(31,850)	(20,850)	11,000
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	30,000	30,000	30,000	-
Net change in fund balance	(1,850)	(1,850)	9,150	11,000
Fund balance, beginning of year	46,146	46,146	46,146	-
Fund balance, end of year	<u>\$ 44,296</u>	<u>\$ 44,296</u>	<u>\$ 55,296</u>	<u>\$ 11,000</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Interest	\$ -	\$ -	\$ 5	\$ 5
Total revenues	-	-	52	52
Expenditures	-	-	-	-
Net change in fund balance	-	-	52	52
Fund balance at beginning of year	1,510	1,510	1,510	-
Fund balance at end of year	<u>\$ 1,510</u>	<u>\$ 1,510</u>	<u>\$ 1,562</u>	<u>\$ 52</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, 2011

	<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	195,000	195,000	195,000	-
Interest and fiscal charges	19,755	19,755	18,614	1,141
Total expenditures	<u>214,755</u>	<u>214,755</u>	<u>213,614</u>	<u>1,141</u>
Excess (deficiency) of revenues over (under) expenditures	(213,255)	(213,255)	(213,614)	(359)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	213,255	213,255	213,255	-
Net change in fund balance	-	-	(359)	(359)
Fund balance at beginning of year	191,621	191,621	191,621	-
Fund balance at end of year	<u>\$ 191,621</u>	<u>\$ 191,621</u>	<u>\$ 191,262</u>	<u>\$ (359)</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, 2011

	<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, 2011

	<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	\$ 6,469	\$ (693)
Interest	2,916	2,916	34	(2,882)
Total revenues	<u>10,078</u>	<u>10,078</u>	<u>6,503</u>	<u>(3,575)</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	-	-	(3,575)	(3,575)
Fund balance at beginning of year	<u>6,039</u>	<u>6,039</u>	<u>6,039</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,039</u>	<u>\$ 6,039</u>	<u>\$ 2,464</u>	<u>\$ (3,575)</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Special assessment	\$ 3,078	\$ 3,078	\$ 670	\$ (2,408)
<u>EXPENDITURES</u>				
Principal retirement	2,931	2,931	2,931	-
Interest and fiscal charges	147	147	147	-
Total expenditures	<u>3,078</u>	<u>3,078</u>	<u>3,078</u>	<u>-</u>
Net change in fund balance	-	-	(2,408)	-
Fund balance at beginning of year	<u>2,173</u>	<u>2,173</u>	<u>2,173</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,173</u>	<u>\$ 2,173</u>	<u>\$ (235)</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, 2011

	<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	5,200	5,200	5,200	-
Total expenditures	<u>109,200</u>	<u>109,200</u>	<u>109,200</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(109,200)	(109,200)	(109,200)	-
<u>OTHER FINANCING SOURCES</u>				
Transfers in	<u>109,200</u>	<u>109,200</u>	<u>114,400</u>	<u>5,200</u>
Net change in fund balance	-	-	5,200	-
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>\$ 5,200</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Taxes	\$ 305,000	\$ 305,000	\$ 272,186	\$ (32,814)
Intergovernmental	481,429	481,429	520,017	38,588
Interest	1,100	1,100	1,459	359
Total revenues	<u>787,529</u>	<u>787,529</u>	<u>793,662</u>	<u>6,133</u>
<u>EXPENDITURES</u>				
General government	104,000	104,000	2,500	101,500
Debt service:				
Principal retirement	1,165,000	1,165,000	1,165,000	-
Interest and fiscal charges	399,388	399,388	399,025	363
Total expenditures	<u>1,668,388</u>	<u>1,668,388</u>	<u>1,566,525</u>	<u>101,863</u>
Excess (deficiency) of revenues over (under) expenditures	(1,363,388)	(1,363,388)	(772,863)	69,049
<u>OTHER FINANCING SOURCES</u>				
Transfers in	109,200	109,200	797,721	688,521
Net change in fund balance	(1,254,188)	(1,254,188)	24,858	-
Fund balance at beginning of year	-	-	(24,858)	(24,858)
Fund balance at end of year	<u><u>\$(1,254,188)</u></u>	<u><u>\$(1,254,188)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (24,858)</u></u>

CENTERVILLE CITY CORPORATION
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual
Capital Projects Park Improvements Fund
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Developer fees	\$ 36,000	\$ 36,000	\$ 32,400	\$ (3,600)
Interest	-	-	25	25
Total revenues	<u>36,000</u>	<u>36,000</u>	<u>32,425</u>	<u>(3,575)</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>37,115</u>	<u>37,115</u>	<u>6,763</u>	<u>30,352</u>
Total expenditures	<u>37,115</u>	<u>37,115</u>	<u>6,763</u>	<u>30,352</u>
Excess (deficiency) of revenues over (under) expenditures	(1,115)	(1,115)	25,662	26,777
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	125,879	125,879
Transfers out	<u>(109,200)</u>	<u>(109,200)</u>	<u>(114,400)</u>	<u>(5,200)</u>
Net change in fund balance	(110,315)	(110,315)	37,141	37,141
Fund balance at beginning of year	<u>(37,141)</u>	<u>(37,141)</u>	<u>(37,141)</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ (147,456)</u></u>	<u><u>\$ (147,456)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 147,456</u></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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Developer fees	\$ 10,000	\$ 10,000	\$ 23,388	\$ 13,388
Contributions and grants	-	-	901	901
Interest on investments	500	500	26	(474)
Total revenues	<u>10,500</u>	<u>10,500</u>	<u>24,315</u>	<u>13,815</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>58,481</u>	<u>58,481</u>	<u>-</u>	<u>58,481</u>
Total expenditures	<u>58,481</u>	<u>58,481</u>	<u>-</u>	<u>58,481</u>
Excess (deficiency) of revenues over (under) expenditures	(47,981)	(47,981)	24,315	72,296
Fund balance at beginning of year	<u>(12,865)</u>	<u>(12,865)</u>	<u>(12,865)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (60,846)</u>	<u>\$ (60,846)</u>	<u>\$ 11,450</u>	<u>\$ 72,296</u>

CENTERVILLE CITY CORPORATION
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual
Capital Projects UTOPIA Fund
For the Year Ended June 30, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Interest	\$ 1,600	\$ 1,600	\$ 291	\$ (1,309)
Total revenues	<u>1,600</u>	<u>1,600</u>	<u>291</u>	<u>(1,309)</u>
<u>EXPENDITURES</u>				
Capital outlay	201,514	246,514	5,534	240,980
Debt Service - UTOPIA Pledge Payment	-	-	183,726	(183,726)
Total expenditures	<u>201,514</u>	<u>246,514</u>	<u>189,260</u>	<u>57,254</u>
Net change in fund balance	(56,565)	(101,565)	(65,969)	55,945
Fund balance at beginning of year	<u>154,761</u>	<u>154,761</u>	<u>154,761</u>	<u>-</u>
Fund balance at end of year	<u>\$ 98,196</u>	<u>\$ 53,196</u>	<u>\$ 88,792</u>	<u>\$ 35,596</u>

Statistical Section

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

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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.	92
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.	97

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

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Centerville City Corporation

Net Assets by Component Last Eight Fiscal Years

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
<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	\$23,157,489
Restricted	\$58,474	\$0	\$0	\$211,742	\$209,375	\$13,476,070	\$6,014,400	\$314,049
Unrestricted	\$5,548,235	\$6,004,708	\$5,501,968	\$5,837,901	\$5,521,914	(\$8,166,577)	(\$3,330,811)	\$1,628,503
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	\$25,100,041
<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	\$11,644,848
Restricted	\$1,501,324	\$1,535,871	\$1,603,883	\$1,677,008	\$1,066,486	\$1,086,077	\$1,091,180	\$1,106,719
Unrestricted	(\$156,336)	\$94,741	(\$90,161)	(\$542,570)	(\$75,167)	(\$172,501)	(\$327,570)	(\$364,138)
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	\$12,387,429
<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	\$34,802,337
Restricted	\$1,559,798	\$1,535,871	\$1,603,883	\$1,888,750	\$1,275,861	\$14,562,147	\$7,105,580	\$1,420,768
Unrestricted	\$5,391,899	\$6,099,449	\$5,411,807	\$5,295,331	\$5,446,747	(\$8,339,078)	(\$3,658,381)	\$1,264,365
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	\$37,487,470

Note: Information prior to 2004 not available.

Centerville City Corporation

Change in Net Assets
Last Eight Fiscal Years

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Expenses								
<u>Governmental Activities</u>								
General government	\$1,225,184	\$1,210,438	\$1,344,814	\$1,294,987	\$1,448,978	\$1,209,582	\$1,529,197	\$1,741,872
Public Safety	\$2,104,381	\$2,223,122	\$2,368,844	\$2,493,972	\$2,613,890	\$2,366,183	\$2,865,721	\$2,763,931
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	\$1,894,141
Parks & recreation	\$991,715	\$861,866	\$1,009,363	\$1,119,172	\$1,154,243	\$1,330,148	\$1,200,377	\$1,217,390
Community development	\$292,154	\$322,135	\$396,376	\$765,077	\$756,662	\$1,026,745	\$642,469	\$927,596
Interest on long-term debt	\$358,568	\$161,735	\$153,444	\$161,453	\$85,852	\$152,369	\$493,361	\$450,822
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	\$8,795,752
<u>Business-type activities</u>								
Water	\$2,836,098	\$1,179,885	\$1,167,370	\$1,526,483	\$1,765,049	\$1,601,430	\$1,674,851	\$1,573,410
Sanitation	\$657,062	\$622,042	\$623,259	\$637,035	\$649,850	\$655,091	\$618,314	\$881,683
Storm drain	\$320,222	\$452,361	\$348,444	\$463,475	\$475,445	\$382,484	\$483,127	\$575,251
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	\$3,030,344
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	\$11,826,096
Program Revenues								
<u>Governmental activities</u>								
Charges for services	\$620,063	\$607,734	\$673,186	\$1,282,437	\$1,270,564	\$1,447,637	\$1,182,108	\$1,478,655
General government	\$78,798	\$127,773	\$17,211	\$290,260	\$52,887	\$8,009	\$10,551	\$7,186
Streets and public works	\$168,502	\$238,975	\$194,926	\$108,473	\$220,092	\$115,714	\$96,152	\$114,825
Parks and recreation	\$324,721	\$443,063	\$570,739	\$477,875	\$500,852	\$283,527	\$242,284	\$338,196
Community development	\$23,566	\$42,682	\$115,683	\$243,090	\$89,310	\$32,287	\$0	\$0
Operating grants and contributions	\$71,155	\$2,458,208	\$875,000	\$100,000	\$186,500	\$1,701,527	\$2,256,903	\$1,202,285
Capital grants and contributions	\$1,286,805	\$3,918,455	\$2,446,745	\$2,502,135	\$2,320,205	\$3,588,701	\$3,787,998	\$3,141,147
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	\$1,972,977
<u>Business-type activities</u>								
Charges for services	\$717,913	\$691,892	\$688,237	\$641,393	\$611,679	\$623,054	\$758,206	\$796,831
Water fees	\$480,816	\$492,807	\$553,441	\$507,974	\$579,744	\$542,718	\$591,537	\$549,545
Sanitation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Storm drain	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating grants and contributions	\$2,953,829	\$3,368,907	\$3,140,466	\$3,383,272	\$3,474,704	\$2,820,677	\$3,342,152	\$3,331,353
Capital grants and contributions	\$4,240,634	\$7,287,362	\$5,587,211	\$5,885,407	\$5,794,909	\$6,409,378	\$7,130,150	\$6,472,500
Total business-type activities program revenues	\$8,192,302	\$8,143,968	\$8,271,124	\$8,117,956	\$8,368,727	\$7,815,760	\$8,064,051	\$7,853,289
Total primary government net expenses	\$1,917,005	\$667,120	\$287,887	\$1,102,683	\$2,386,935	\$1,997,312	\$3,582,671	\$3,852,819
Net (expense) revenue								
Government activities	(\$5,012,620)	(\$2,168,585)	(\$3,973,093)	(\$5,206,510)	(\$5,455,067)	(\$4,444,511)	(\$4,880,790)	(\$5,654,605)
Business-type activities	(\$859,553)	\$1,114,619	\$1,001,393	\$756,279	\$584,360	\$181,672	\$365,860	\$301,009
Total primary government net expenses	(\$5,872,173)	(\$1,053,966)	(\$2,971,700)	(\$4,450,231)	(\$4,870,707)	(\$4,262,839)	(\$4,514,930)	(\$5,353,596)

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
General Revenues and Other Changes in Net Assets								
<u>Governmental activities</u>								
Property tax and uniform vehicle fees	\$1,504,549	\$1,667,607	\$1,878,705	\$1,653,574	\$1,790,943	\$1,933,965	\$2,385,839	\$2,423,442
Franchise, telecommunication, & energy sales taxes	\$700,001	\$809,720	\$901,116	\$869,898	\$933,916	\$964,201	\$966,412	\$970,297
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	\$2,830,732
Gain on Sale of Capital Assets	\$0	\$0	\$0	\$1,590,238	\$12,370	(\$20,408)	\$3,131	\$0
Other	\$771,953	\$290,599	\$371,281	\$495,343	\$385,430	\$291,996	\$329,487	\$706,511
Transfers	\$433,696	\$441,798	\$449,065	\$50,086	\$49,215	(\$549,751)	\$174,187	\$53,332
Total governmental activities	\$6,220,938	\$6,088,611	\$6,829,907	\$8,087,013	\$6,956,137	\$6,199,906	\$6,592,002	\$6,984,314
<u>Business-type activities</u>								
Other	\$20,039	\$54,320	\$92,175	\$112,509	\$89,544	\$27,941	\$17,677	\$15,111
Transfers	(\$433,696)	(\$441,798)	(\$449,065)	(\$50,086)	(\$49,215)	\$549,751	(\$174,187)	(\$53,332)
Total business-type activities	(\$413,657)	(\$387,478)	(\$356,890)	\$62,423	\$40,329	\$577,692	(\$156,510)	(\$38,221)
Total primary government	\$5,807,281	\$5,711,133	\$6,473,017	\$8,149,436	\$6,996,466	\$6,777,598	\$6,435,492	\$6,946,093
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	\$1,329,709
Business-type activities	(\$1,273,210)	\$727,141	\$644,503	\$818,702	\$624,689	\$759,364	\$209,350	\$262,788
Total primary government	(\$64,892)	\$4,657,167	\$3,501,317	\$3,699,205	\$2,125,759	\$2,498,739	\$1,920,562	\$1,592,497

Centerville City Corporation

Fund Balances of Governmental Funds Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>General Fund</u>										
Restricted	\$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	\$450,214
Unassigned	\$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	\$1,102,412
<u>Total general fund</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>\$1,552,626</u>
<u>All other Governmental Funds</u>										
Restricted	\$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	\$203,893
Assigned reported in:										
Special revenue funds	-	\$0	(\$4,857)	\$54	(\$8,688)	(\$10,118)	\$22,581	\$46,802	\$46,984	\$56,221
Capital project funds	\$16,657	(\$9,587)	\$208,801	\$814,264	\$357,469	\$1,897,370	\$1,357,209	\$563,971	\$104,755	\$100,242
Redevelopment Agency Fund	(\$1,945,481)	(\$1,650,268)	(\$611,294)	(\$173,146)	\$267,841	\$1,075,796	\$1,333,978	\$758,791	\$961,349	\$553,564
Unassigned reported in:										
Special Revenue										(\$171,872)
<u>Total all other governmental funds</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>	<u>\$742,048</u>

Centerville City Corporation

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	\$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	\$6,224,471
Special Assessments	\$14,332	\$18,304	\$13,636	\$7,630	\$3,129	\$13,020	\$3,707	\$8,009	\$10,551	\$7,186
Licenses & Permits	\$191,271	\$172,173	\$216,432	\$350,931	\$446,572	\$424,347	\$504,672	\$283,527	\$242,284	\$338,196
Intergovernmental	\$534,716	\$486,650	\$607,233	\$426,605	\$569,187	\$835,592	\$599,296	\$1,773,027	\$1,176,903	\$1,202,285
Charges for Services - Other Funds	\$266,308	\$273,092	\$473,622	\$547,574	\$472,336	\$719,931	\$510,426	\$529,684	\$381,139	\$389,770
Fines & Forfeitures	\$407,708	\$401,756	\$489,947	\$511,430	\$534,025	\$503,905	\$509,898	\$503,900	\$503,900	\$709,085
Interest	\$140,028	\$120,403	\$314,814	\$172,109	\$241,381	\$557,842	\$575,692	\$573,747	\$576,948	\$494,625
Miscellaneous	\$98,607	\$74,476	\$196,797	\$121,490	\$132,900	\$338,479	\$283,791	\$129,251	\$121,520	\$52,788
Total Revenues	\$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	\$9,793,799
Expenditures										
General Government	\$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	\$1,349,002
Public Safety	\$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	\$2,879,202
Street & Public Works	\$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	\$2,017,916
Community Development	\$596,888	\$341,877	\$292,154	\$342,089	\$393,524	\$822,225	\$812,208	\$1,172,949	\$598,034	\$912,744
Parks & Recreation	\$843,174	\$918,705	\$870,751	\$852,385	\$959,585	\$3,182,537	\$2,059,249	\$1,281,932	\$1,040,316	\$1,050,792
Capital Outlay	\$210,335	\$79,031	\$118,670	\$452,487	\$691,711	\$141,150	\$284,746	\$1,210,577	\$7,744,284	\$6,046,231
Debt Service	\$375,750	\$309,304	\$274,000	\$214,000	\$159,000	\$172,598	\$278,028	\$288,154	\$1,418,953	\$1,474,093
Principal retirement	\$215,373	\$194,707	\$362,307	\$164,650	\$156,286	\$136,698	\$98,936	\$88,997	\$492,486	\$452,226
Interest & fiscal charges									\$183,727	\$278,368
Contractual Payments (UTOPIA)										
Total Expenditures	\$7,041,850	\$6,130,521	\$6,474,100	\$7,132,823	\$7,314,520	\$10,512,640	\$9,479,491	\$10,075,513	\$17,503,798	\$16,460,574
Excess (deficiency) of Revenues Over Expenditures	(\$857,944)	(\$325,796)	\$326,084	(\$157,923)	\$533,444	(\$1,491,966)	(\$373,734)	(\$80,267)	(\$8,197,389)	(\$6,666,775)
Other Financing Sources (uses)										
Transfers in	\$843,174	\$746,031	\$790,777	\$1,432,906	\$804,713	\$3,015,213	\$1,017,754	\$2,739,137	\$1,902,996	\$1,405,555
Transfers out	(\$501,869)	(\$362,178)	(\$360,081)	(\$994,108)	(\$358,648)	(\$2,976,977)	(\$986,039)	(\$3,312,388)	(\$2,392,049)	(\$1,364,223)
Sale of capital assets	\$77,006	-	\$263,342	-	-	\$1,630,773	\$19,282	\$28,631	\$9,326	\$12,178
Bond Proceeds	-	-	-	-	-	\$416,000	\$0	\$12,130,303	\$0	\$0
Total Other Sources	\$418,311	\$383,853	\$694,038	\$438,798	\$446,065	\$2,085,009	\$50,997	\$11,585,683	(\$479,727)	\$53,510
Net Change in Fund Balance	(\$439,633)	\$58,057	\$1,020,122	\$280,875	\$979,509	\$593,043	(\$322,737)	\$11,505,416	(\$8,677,116)	(\$6,613,265)
Fund Balance Beginning 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
Fund Balance End of Year	\$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	\$2,294,674
Debt service as a percentage of non-capital expenditures	8.39%	8.22%	15.97%	55.81%	24.18%	31.49%	25.09%	20.95%	60.03%	54.74%

(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
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
2011	\$2,423,442	\$2,830,732	\$970,297	\$7,186	\$6,231,657

Centerville City Corporation

Direct and Overlapping Sales Tax Rates Last Ten Fiscal Years

Year	City	County	State	Mass Transit	Total
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%
2011	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	Taxable Value	Estimated Actual		Ratio of Taxable to Estimated Actual value
		Estimated	Actual	
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%
2010	\$952,197	\$1,138,643		66.20%

Tax year 2010

	Residential	Commercial	Other	Total
Real Estate Assessed Value	\$232,265,535	\$98,907,451	\$5,640,436	\$336,813,422
Buildings	\$434,301,650	\$115,004,741	\$3,400	\$549,309,791
Personal Property	\$7,419,001	\$27,940,097	\$352,450	\$35,711,548
Centrally Assessed	-	-	-	\$30,362,092
Total	\$666,567,185	\$213,912,192	\$5,643,836	\$952,196,853

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 .001173%
 The rate applied by all governmental entities is 1.13996%

Centerville City Corporation

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

<u>Calendar Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Subsequent Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Levy Collection</u>
2001	\$789,470	\$741,215	\$24,132	\$765,347	95.89%
2002	\$814,214	\$766,445	\$33,422	\$799,867	94.13%
2003	\$814,784	\$779,167	\$35,459	\$814,626	95.60%
2004	\$820,731	\$779,287	\$25,969	\$804,916	94.95%
2005	\$824,202	\$780,025	\$34,390	\$814,415	94.64%
2006	\$849,703	\$815,006	\$31,756	\$846,762	95.60%
2007	\$877,864	\$842,662	\$33,812	\$876,474	95.99%
2008	\$907,846	\$837,435	\$35,892	\$873,327	92.24%
2009	\$921,737	\$874,583	\$47,779	\$922,362	94.88%
2010	\$946,840	\$906,992	\$38,623	\$945,615	95.79%

Source: Davis County Clerk/Auditors Office

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
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%
2010	0.1173%	0.2775%	0.8861%	0.1187%	1.3996%

Source: Utah State Tax Commission

Centerville City Corporation

Principal Taxpayers Current Year and 10 years Ago

Tax Year 2010 (current)				
Taxpayer	Rank	Type of Business	Taxable Value	Percentage of Total Taxable Value
Walmart	1	Retail	\$18,141,808	1.91%
Pacificorp	2	Electric Utility	\$17,082,198	1.79%
Dayton West LLC	3	Commercial Real Estate	\$13,273,621	1.39%
Dayton Hudson	4	Retail	\$10,518,439	1.10%
Centerville MarketPlace LLC	5	Retail	\$8,530,000	0.90%
HD Development of Maryland Inc.	6	Retail	\$8,363,571	0.88%
SDCKP LLC	7	Retail	\$7,134,794	0.75%
Hogan & Associates	8	Construction	\$5,993,859	0.63%
JGNK Investements LC	9	Commercial Real Estate	\$5,950,000	0.62%
Syro Steel	10	Manufacturing	\$5,756,195	0.60%
		Total	\$100,744,485	10.57%
Dayton West LLC		Commercial Real Estate		
Centerville MarketPlace LLC		Retail		

Tax Year 2000				
Taxpayer	Rank	Type of Business	Taxable Value	Percentage of Total Taxable Value
Dayton Hudson Corporation (Target)	1	Retail	\$17,013,406	3.21%
Home Depot	2	Retail	\$9,069,985	1.71%
Pacificorp	3	Electrical Utility	\$6,907,582	1.30%
Albertsons	4	Grocery	\$5,520,834	1.04%
Syro Steel	5	Manufacturing	\$2,997,497	0.57%
Richard T. Winegar*	6	Retail	\$2,923,734	0.55%
US West**	7	Communications	\$2,775,388	0.52%
Questar	8	Utility	\$2,381,504	0.45%
Hale Industries	9	Commercial	\$2,107,124	0.40%
Parrish Lane Property Group	10	Retail	\$1,695,900	0.32%
Land Rover Centerville	11	Vehicle sales	\$1,658,580	0.31%
		Total	\$55,051,534	10.38%

* 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			
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	
2010	19	\$33,579,772	52	\$43,939,807	\$77,519,579	\$1,043,363,579	

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	Bonds			
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	
2011	\$275,000	\$9,370,000	\$0				\$2,731,000	\$12,376,000	2.44%	\$807	

Centerville City Corporation

Direct and Overlapping Governmental Activities Debt June 30, 2011

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping
Debt repaid with property taxes			
Davis County	\$208,350,000	5.00%	\$10,417,500
Davis School District	\$398,175,000	5.00%	\$19,908,750
Weber Basin Water Conservancy	\$29,577,164	2.21%	\$653,655
State of Utah	\$3,128,890	0.55%	\$17,209
South Davis Recreation District	\$14,910,000	17.38%	\$2,591,358
Other Debt - Davis County			
Sales tax revenue bonds	\$41,830,086	11.23%	\$4,697,519
MBA lease revenue bonds	\$21,685,028	5.00%	\$1,084,251
Lease purchase	\$981,550	5.00%	\$49,078
Total Overlapping Debt	<u>\$718,637,718</u>		<u>\$39,419,320</u>
Centerville City			
Lease Revenue Bonds	\$275,000	100.00%	\$275,000
Sales Tax Revenue Bonds	\$9,370,000		\$9,370,000
Total Direct Debt	<u>\$9,645,000</u>		<u>\$9,645,000</u>
Total Direct and Overlapping Debt	<u>\$728,282,718</u>		<u>\$49,064,320</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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$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	\$34,907,028
Total net applicable debt	\$39,000	\$26,000	\$12,000	\$8,000	\$4,000	\$0	\$0	\$0	0	0
Legal debt margin	\$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	\$34,907,028
Total net debt applicable to limit as a percentage of debt limit	0.18%	0.12%	0.05%	0.03%	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2010

Assessed Value	\$872,675,696
Debt Limit (4% of assessed value)	\$34,907,028
Less Applicable Debt	<u>\$0</u>
Legal Debt Margin	<u>\$34,907,028</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
2002	\$1,277,786	(\$326,966)	(\$545,534)	\$405,286	-	\$107,922	\$107,922	5.12
2003	\$1,473,051	(\$280,416)	(\$639,747)	\$552,888	-	\$158,996	\$313,996	2.66
2004(1)	\$2,252,226	(\$369,040)	(\$1,047,186)	\$836,000	\$155,000	\$154,490	\$315,490	2.43
2005	\$2,316,108	(\$373,793)	(\$1,175,166)	\$767,149	\$161,000	\$147,860	\$321,860	3.37
2006	\$2,499,361	(\$381,060)	(\$1,033,867)	\$1,084,434	\$174,000	\$170,606	\$352,606	3.18
2007	\$2,843,981	(\$63,276)	(\$1,661,175)	\$1,119,530	\$182,000	\$141,918	\$322,918	3.11
2008	\$2,944,790	(\$49,215)	(\$1,892,103)	\$1,003,472	\$181,000	\$107,317	\$294,317	2.14
2009	\$2,222,061	(\$73,500)	(\$1,519,205)	\$629,356	\$187,000	\$137,413	\$342,413	1.33
2010	\$2,250,986	(\$183,913)	(\$1,611,166)	\$455,907	\$205,000	\$134,742	\$352,742	2.39
2011	\$2,537,339	(\$82,220)	(\$1,611,315)	\$843,804	\$218,000			

(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)
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
2010	15,335	\$33,104	\$507,649,840	6.70%	31.7	3.40

(1) Years 2001-20009, 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, years 2001-2009, 2000 report; 2010 year 2010.

Centerville City Corporation

Principal Employers

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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	3	3	3	3	3	3	3	3	3	3
Administration	3	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Finance	3	3.5	3.5	3.75	3.75	3.75	3.75	3.75	3.75	2.75
Justice Court	9	10	10	10.25	10.25	10.25	10.25	10.25	10.25	9.25
Total General Government	24	25	25	25	25	25	25	25	25	25
Police	2.5	3	3	3	4	4	4	4	3	3
Community Development	2.5	3	2.5	3	4	4	4	4	4	4
Public Works	4	4	4	4	4	4	4	4	4	4
Administration	2.5	3	2.5	3	4	4	4	4	4	4
Streets	4	4	4	4	4	4	4	4	4	4
Water	4.5	5.5	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	13.5	13	13.5	14.5	14.5	14.5	14.5	14.5	14.5
Parks & Recreation	8.5	7	7	7.5	8.5	9.5	9.5	9.5	9.5	9.5
Parks	6.5	6.5	6.5	6.75	6.25	6.5	6.5	6.5	6.5	6.5
Recreation	-	-	-	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Museum	0.5	0.5	0.5	0.5	0.75	0.75	0.75	0.75	0.75	0.75
Building Maintenance	15.5	14	14	15.25	16	17.25	17.25	17.25	17.25	17.25
Total Parks & Recreation	63	65.5	65	67	69.75	71	71	71	70	69
Total Primary Government										

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
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
2011	\$1,320,672	\$2,879,202	\$2,017,916	\$375,609	\$884,478	\$7,477,877

Centerville City Corporation

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

Function	2007	2008	2009	2010
Community Development				
Single Dwelling permits	43	14	7	10
Double Dwelling permits	8	48	24	8
Multi-family Dwelling permits	24	24	0	0
Commercial permits	26	20	15	7
Demolition permits	12	7	6	2
Occupancy permits				
Residential	84	79	42	27
Commercial	31	23	17	19
Permit process time	7 days	7 days	7 days	7 days
Parks, Recreation and Trails				
Developed Acreage	88	88	88	88
Undeveloped Acreage	35	35	35	35
Youth in Recreation Programs	2,970	2,658	2,732	2,446
Police Services				
Expenditures per officer	\$103,968	\$113,688	\$119,140	\$119,140
Average response time (minutes)	3.5 to 4	1.23 to 6.52	.80 to 2.93	3.32
Police reports per officer	201	135	143	124
Water				
Gallons billed	449,896,786	476,933,000	492,084,000	530,025,000
Residential connections	3,995	4,041	4,093	4,126
Other connections	452	459	461	463
Taxes				
Federal AGI tax per return	\$59,755	\$66,082	\$65,774	\$67,532
Tax Revenue as a % of AGI	1.30%	1.11%	1.34%	1.51%
Indexed to State average (AGI)	77%	76%	82.00%	83.12%
Taxable sales per capita (local option)	\$19,305	\$23,840	\$19,758	\$20,953
Indexed to State average	104.5%	N/A		
Sales tax revenue per capita	\$208.54	\$227.28	\$214.08	\$214.08
Property tax revenue per capita (non RDA)	\$100.59	\$107.56	\$115.65	\$99.81
Franchise tax per capita	\$52.91	\$56.09	\$57.66	\$63.27
Total tax revenue per capita	\$362.04	\$390.93	\$387.39	\$377.16
General Fund revenues per capita	\$456	\$426	\$428	\$485
General Fund expenditures per capita	\$407	\$444	\$446	\$493
Capital improvement expenditures per capita	\$123	\$72	\$101	\$394

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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Population Estimate(1)	15,069	15,185	15,558	15,861	16,143	16,438	16,650	16,722	15,335	15,440
City Hall and Justice Court	1	1	1	1	1	1	1	1	1	1
Museum	1	1	1	1	1	1	1	1	1	1
Streets & Public Works	56	57	57	58	59	59	61	62	62	64
Miles of Streets	680	702	713	720	727	731	741	745	753	775
Number of Street Lights	1	1	2	2	2	2	2	2	2	2
Public Works Office, Maintenance, Storage	1	1	1	1	1	1	1	1	1	1
Number of Police Stations (included in City Hall)	1	1	1	1	1	1	1	1	1	1
Number of Police Officers	15	16	16	16	16	17	17	17	17	17
Municipal Water	4,072	4,132	4,257	4,273	4,366	4,401	4,499	4,523	4,541	4,589
Number of Customers	66	68	68	69	70	71	72	72	72	74
Miles of Water Mains	7	8	8	8	8	8	8	8	8	8
Number of Culinary Water Wells	6	6	6	6	6	6	6	6	6	6
Number of Culinary Water Storage Tanks										
Waste Collection	n/a	3,983	4,024							
Number of primary residential customers	n/a	3,272	3,416							
Number of recycling customers	n/a	905								
Number of green waste customers	n/a	98								
Building Permits Issued (new construction, includes remodel)	46	55	90	58	114	115	115	55	46	
Parks & Recreation	1	1	1	1	1	1	1	1	1	1
Office, Maintenance, Storage Buildings	4	4	4	5	5	7	7	7	7	7
Developed Parks	2	3	3	2	2	0	5	5	5	5
Undeveloped Parks and Trails	5	5	5	5	5	7	7	7	7	7
Pavilions	4	4	4	4	4	4	4	4	4	4
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.
(1) Years 2002-2009, based on 2000 Census and each year estimated on new construction. 2010 is 2010 Census, following years are estimated from new construction.

**CENTERVILLE CITY CORPORATION
CENTERVILLE, UTAH**

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

YEAR ENDED JUNE 30, 2011



Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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REPORT ON COMPLIANCE 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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 15, 2011. 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 15, 2011

Hansen, Bradshaw, Malmrose & Erickson

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT ON 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, 2011, and have issued our report thereon dated December 15, 2011. 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, 2011. 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, 2011.

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 15, 2011

CENTERVILLE CITY CORPORATION
Schedule of Findings
For the Year Ended June 30, 2011

Requirement / Program

Current Year Findings

1. Budgetary Compliance

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, 2011, 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	\$20,721
Arts Center Special Revenue	Total expenditures	665,693

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 – Even though the RDA remained within budget as a whole, the amount budgeted for transfers which includes the RDA's contribution for debt retirement of the Sales Tax bond, transfer of additional increment, and repayment of balance of note to the City was over budget. The Finance department will review future budgets near year's end to assure the necessary budget is allocated for expenditures classifications.

Art Center Special Revenue – The timing of amounts paid, and due, for the construction project were unsure at the fiscal year end. The amounts were anticipated to occur in FY 2011-2012, and are reflected in that year's budget. The Finance department will monitor future construction projects closely to assure sufficient budget is provided for in each budget period.

(Continued)

CENTERVILLE CITY CORPORATION
Schedule of Findings (Continued)
For the Year Ended June 30, 2011

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 Arts Center Special Revenue Fund of \$171,872 and in the SID Porter Lane Debt Service Fund of \$235 as of June 30, 2011. 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: Art Center – A significant amount of expenditures were incurred in the fund that were not anticipated until FY 2011-2012. Funds are allocated in the FY 2011-2012 budget to cover all expenditures. The Finance department will monitor future construction project budgets closely to assure sufficient funds are provided for in each budget period.

Porter Lane SID – The re-payment period for this Special Improvement District has ended. The balance will be allocated to cover the deficit balance from the SID guarantee fund.