

**CENTERVILLE CITY CORPORATION
CENTERVILLE, UTAH**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

Year Ended June 30, 2012

CENTERVILLE CITY CORPORATION
Comprehensive Annual Financial Report
For the Year Ended June 30, 2012

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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

John T. Higginson

Sherri L. Lindstrom

Lawrence Wright

City Manager

Steve H. Thacker

December 11, 2012

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, 2012.

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, 2012, 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, 2012, 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, Telecommunications, 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, green waste, and Telecommunications. The City established a Telecommunications Enterprise Fund to deliver ultra-high band width telecommunications through a fiber-to-the premise network. Centerville contracted with Utah Infrastructure Agency (UIA) by inter-local agreement, to construct and operate the fiber optic network via the UTOPIA network. 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 within the South Davis Recreation District.

Economic Factors and Conditions

The City has had slow to moderate residential growth in recent years, with some increase in multi-family units 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 has 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 however. Sales tax is the main source of tax revenue for general services. 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 at levels less than 2008. 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, boosted by the strength of local taxable sales. The trend is improving and revenues are anticipated to increase through 2012-2013. 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

The City's major initiatives in FY 2012 fall into several public infrastructure categories: water system improvements; street projects; flood control improvements; and telecommunication services.

Water System Improvements

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 FY 2012, based on the recommendations of the CFFP, the City Council authorized a \$4.2 million bond issue that included \$2.1 million to refund existing bonds and another \$2.1 million in new funding. The new bond funding, plus \$400,000 from Water Fund revenues, will be used over a three-year period for several water system improvements. Projects begun in FY 2012 include drilling a new well, replacement of the water main on Main Street (State Hwy 106) between 100 North and 1000 North, and relining of the Old Church Well.

Street Projects

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 FY 2012, as one of the developer's obligations relating to the Legacy Crossing mixed use project, a portion of 1250 West Street was rebuilt to include curb and gutter and a roundabout, the City's first.

Also in FY 2012, the City Engineer continued designing a major reconstruction of the Main and Parrish intersection. Construction has been delayed, however, until calendar year 2013 or later pending the interpretation of Federal Highway Administration regulations that may impact the project's feasibility or scope of work. Most of the \$1.7 million needed for this project will come from State and Federal sources.

Flood Control Improvements

With the completion of a debris basin in Centerville Canyon in the spring of 2011, Centerville City applied for an amendment to FEMA's flood insurance rate map. FEMA's approval was received early in FY 2012, removing 181 homes from the 100-year hazard zone and relieving the homeowners from the cost of flood insurance.

During FY 2012, as a result of the leadership of City officials, UDOT and Davis County funded the construction of a larger culvert under I-15, to carry a 100-year flow in Deuel Creek. The City provided design services and construction oversight. UDOT and the County funded the \$550,000 construction cost. This project lessens the flood risk in the vicinity of Porter Lane and Frontage Road.

Telecommunication Services

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. Construction continued throughout FY 2012. As of the summer of 2012, nearly all residences and businesses have the opportunity to connect to the network with "fiber-to-the premises." The system in Centerville has the capacity to deploy up to a gigabyte per second speed to any location in the city, whether residential or business. Centerville is one of very few cities in the country with the capacity. Along with UIA, this project was a major undertaking by the City. Through the spring of 2012, 9.58 miles of backbone fiber, and 7.50 miles of "middle" laterals were installed. The network required the construction of 5 equipment and 1 hub, 8' x 12' buildings, were installed and equipped. The By the end of this reporting period there were approximately 800 residential and business connections in the City to the network, all of which were new connections to the UTOPIA network.

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 loan 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 several member cities. None of these funds, however, were used in Centerville.

UTOPIA began drawing upon sales tax pledges in January 2010 to cover debt service. Centerville's annual 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 loan, for damages resulting from that action.

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, 2012 was 14.97% 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, 2011. This was the thirteen 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, appearing to read "Blaine L. Lutz".

Blaine L. Lutz
Finance Director/Assistant City Manager

**CENTERVILLE CITY CORPORATION
PRINCIPAL OFFICIALS**

EXECUTIVE BUDGETARY

Steve H. Thacker
Blaine L. Lutz

City Manager
Finance Director/Asst. City Manager

STATUTORY APPOINTED OFFICIALS

Marsha Morrow
Jolene Jackson
David Miller

Recorder
Treasurer
Justice Court Judge

DEPARTMENT HEADS

Neal Worsley
Randy Randall
Bruce Cox
Corvin Snyder

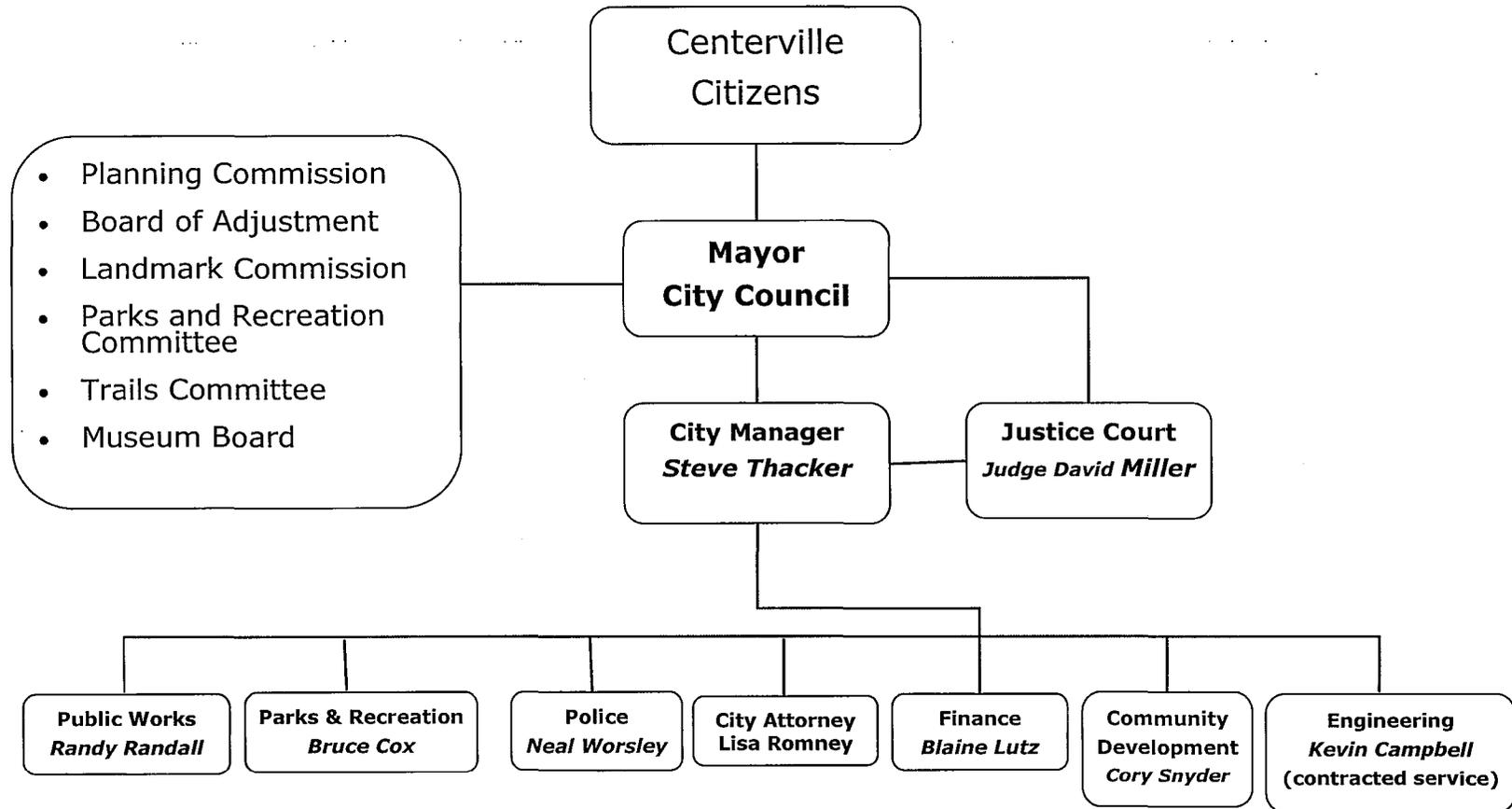
Police Chief
Public Works Director
Parks/Recreation Director
Community Development Director

OTHER CITY OFFICIALS

Paul Child
Kevin Campbell
Lisa Romney

Police Lieutenant
Engineer
Attorney

CENTERVILLE CITY ORGANIZATIONAL CHART



*Elected officials include: the Mayor (Ronald Russell) and City Council (Justin Allen, Ken Averett, John Higginson, Sherri Lyn 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, 2011

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. Davidson

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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Jeffrey B. Miles, CPA

*Members of the
American Institute
of Certified Public
Accountants*

*Members of the
Private Company
Practice Section*

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Centerville City Corporation, Utah (the City), as of and for the year ended June 30, 2012, 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, 2012, 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 7, 2012, 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 7, 2012

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, 2012.

Financial Highlights

The assets of Centerville City exceeded its liabilities at June 30, 2012 by \$38,201,945 (net assets). Of this amount, \$33,988,364 is invested in capital assets net of debt, \$2,637,872 is restricted for debt service or construction. Unrestricted net assets are \$1,575,709.

Centerville's total net assets increased \$714,475 from the prior year a 1.91% increase. The most notable change in net assets is the amount restricted for debt service and construction, primarily due to the new bond issue for water construction projects. This amount increased \$1,327,260, a 102% increase.

Centerville's governmental funds reported a combined ending fund balances of \$1,865,059 at June 30, 2012, a decrease of \$429,615 or 18.73%. Restricted balances for Debt Service or Construction decreased \$98,826 to \$105,067. Of the ending fund balances, \$1,156,052 is available for spending at the City's discretion in the General Fund (unassigned fund balance), a \$53,640 increase from the previous period.

At June 30, 2012, fund balances assigned to funds other than the general fund was \$646,809, a nominal \$63,218 decrease. The amount assigned to the RDA decreased by \$308,593, amount assigned to capital projects increased by \$273,947.

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, and Telecommunications.

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, green waste, drainage, and telecommunications.

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 and Telecommunications are considered to be non-major funds; therefore, 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.

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 \$38,201,945 at June 30, 2012.

The largest portion of the City's net assets is \$33,988,364 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 decrease of \$813,373, 2.34%, from the prior period. The decrease is caused by the measure of assets is net of debt. With the issuance of new water revenue bonds for construction, capital assets net of debt decreased by \$1,592,206 for Business-Type activities. Governmental activity's capital assets net of debt increased by \$788,233, or 3.36%. 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

\$1,040,692 or 15.71%. This decrease is due to a combination of asset classifications, including expensing of restricted cash, reduction of inter-fund balances, and use of available cash and cash equivalents.

A significant portion of the remaining of the City's net assets \$2,637,872 represents resources that are now subject to external restrictions on how they may be utilized. This classification of assets increased by \$1,217,104 or 186%. This increase was due to the increase in restricted assets in Business-Type activities.

Centerville City Net Assets

	Governmental Activities 2012	Governmental Activities 2011	Business-Type Activities 2012	Business-Type Activities 2011	Total 2012	Total 2011
Current and other assets	\$5,579,914	\$6,620,606	\$2,872,798	\$873,784	\$8,452,712	\$7,494,390
Capital assets	\$32,195,617	\$32,802,384	\$14,493,717	\$14,375,848	\$46,689,334	\$47,178,232
Total assets	\$37,775,531	\$39,422,990	\$17,366,515	\$15,249,632	\$55,142,046	\$54,672,622
Long-term liabilities	\$9,074,282	\$10,490,170	\$4,519,532	\$2,805,344	\$13,593,814	\$13,295,514
Other liabilities	\$3,287,784	\$3,832,779	\$58,503	\$56,859	\$3,346,287	\$3,889,638
Total liabilities	\$12,362,066	\$14,322,949	\$4,578,035	\$2,862,203	\$16,940,101	\$17,185,152
<u>Net assets</u>						
Invested in capital assets, net of related debt	\$23,935,722	\$23,157,489	\$10,052,642	\$11,644,848	\$33,988,364	\$34,802,337
Restricted	\$105,067	\$314,049	\$2,532,805	\$1,106,719	\$2,637,872	\$1,420,768
Unrestricted	\$1,372,676	\$1,628,503	\$203,033	(\$364,138)	\$1,575,709	\$1,264,365
Total net assets	\$25,413,465	\$25,100,041	\$12,788,480	\$12,387,429	\$38,201,945	\$37,487,470

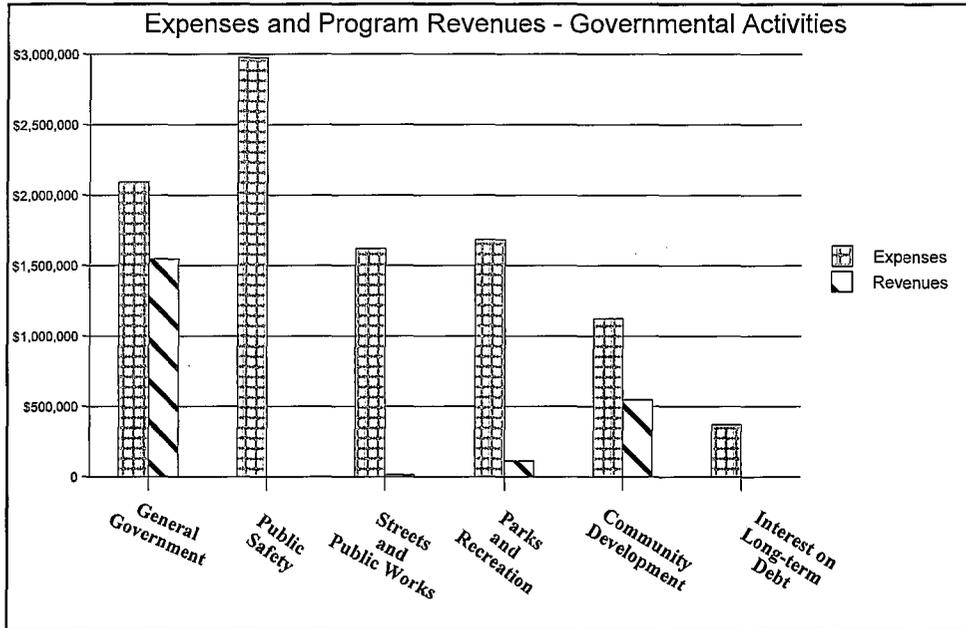
Centerville City Change in Net Assets

	Governmental Activities 2012	Governmental Activities 2011	Business-type Activities 2012	Business-type Activities 2011	Total 2012	Total 2011
Revenues						
<u>Program revenues</u>						
Charges for services	\$2,223,335	\$1,938,862	\$3,528,537	\$3,319,353	\$5,751,872	\$5,258,215
Operating grants and contributions	\$0	\$0	\$0	\$0	\$0	\$0
Capital grants and contributions	\$1,170,455	\$1,202,285	\$0	\$12,000	\$1,170,455	\$1,214,285
<u>General revenue</u>						
Property tax and uniform vehicle fees	\$2,555,160	\$2,423,442	\$0	\$0	\$2,555,160	\$2,423,442
Other taxes	\$3,999,779	\$3,801,029	\$0	\$0	\$3,999,779	\$3,801,029
Other	\$216,705	\$706,511	\$5,831	\$15,111	\$222,536	\$721,622
Total revenue	<u>\$10,165,434</u>	<u>\$10,072,129</u>	<u>\$3,534,368</u>	<u>\$3,346,464</u>	<u>\$13,699,802</u>	<u>\$13,418,593</u>
Expenses						
General government	\$2,095,247	\$1,741,872			\$2,095,247	\$1,741,872
Public Safety	\$2,976,846	\$2,763,931			\$2,976,846	\$2,763,931
Streets and public works	\$1,620,465	\$1,694,141			\$1,620,465	\$1,694,141
Parks and recreation	\$1,684,043	\$1,217,390			\$1,684,043	\$1,217,390
Community development	\$1,124,270	\$927,596			\$1,124,270	\$927,596
Interest on long-term debt	\$370,904	\$450,822			\$370,904	\$450,822
Water			\$1,690,109	\$1,573,410	\$1,690,109	\$1,573,410
Sanitation			\$868,350	\$881,683	\$868,350	\$881,683
Storm drain			\$517,346	\$575,251	\$517,346	\$575,251
Telecom			\$37,747	\$0		
Total expenses	<u>\$9,871,775</u>	<u>\$8,795,752</u>	<u>\$3,113,552</u>	<u>\$3,030,344</u>	<u>\$12,985,327</u>	<u>\$11,826,096</u>
Increase in net assets before transfers	\$293,659	\$1,276,377	\$420,816	\$316,120	\$714,475	\$1,592,497
Transfers	\$19,765	\$53,332	(\$19,765)	(\$53,332)	\$0	\$0
Increase (decrease) in net assets	<u>\$313,424</u>	<u>\$1,329,709</u>	<u>\$401,051</u>	<u>\$262,788</u>	<u>\$714,475</u>	<u>\$1,592,497</u>
Net assets, beginning	<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>
Net assets, ending	<u>\$25,413,465</u>	<u>\$25,100,041</u>	<u>\$12,788,480</u>	<u>\$12,387,429</u>	<u>\$38,201,945</u>	<u>\$37,487,470</u>

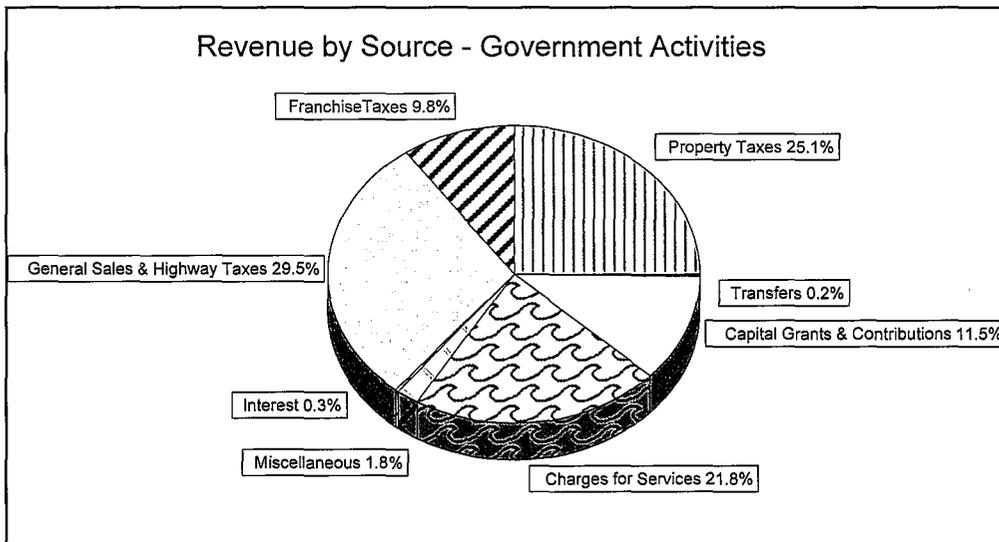
Governmental Activities

As noted in the table above, governmental activities increased net assets by \$313,424, 1.25%. 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.



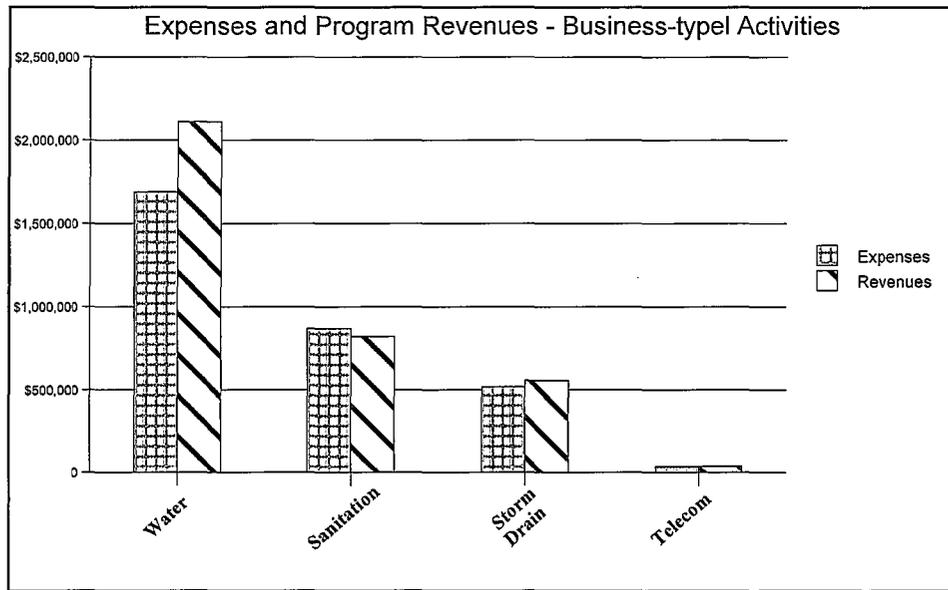
The following chart displays the major sources of governmental activity revenue. Taxes account for 64.40% of revenue that funds governmental activity in the current period.



Business-type activities

As noted in the table "Centerville City Changes in Net Assets" business-type activities increased net assets of \$401,051.

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 \$414,985. Individual funds cover expenses over revenues from reserves.

Financial Analysis of the Governments Funds

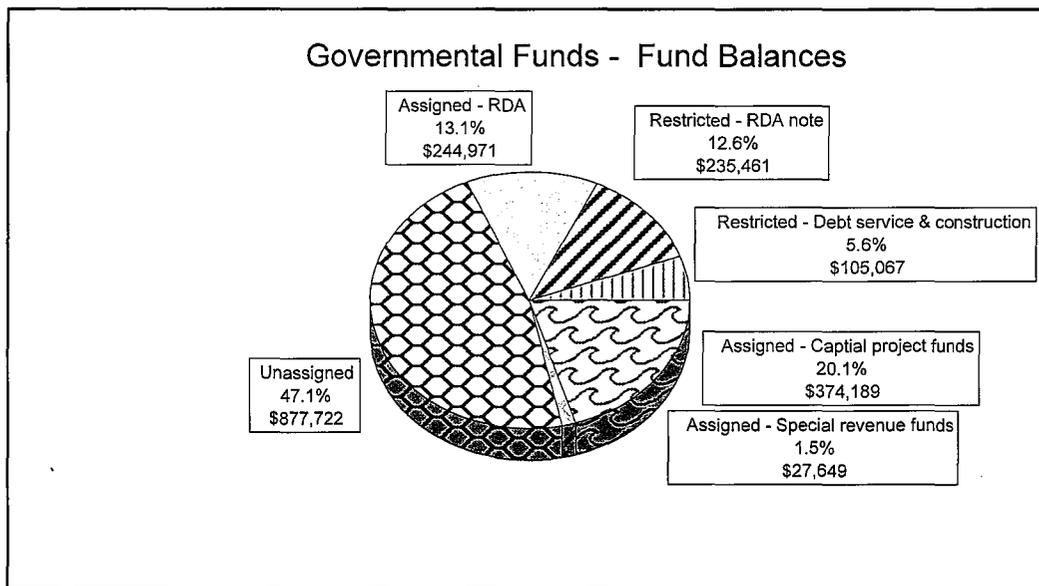
As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

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, 2012, the City’s governmental funds reported a combined ending fund balance of \$1,865,059 a decrease of \$429,615, 18.72% less than the prior period. The decrease is due to decreases in two balance classifications. \$214,753 decrease in Restricted or Nonspendable in the General Fund and \$308,593 decrease in the RDA. \$877,722 of fund balances is unrestricted or unassigned, which is available for spending at the government’s discretion. This is a decrease of \$52,818 or 5.67% from the prior period. The RDA had a decrease in fund balance of \$308,593 as a result of projects in the community including funding the completion Davis Center for the Performing Arts. As stated the Restricted balance decreased from the prior period, \$214,753 or 47.70%. 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 restricted, assigned and unassigned fund balances.



The general fund is the primary operating fund of the City. At June 30, 2012 unassigned fund balance of the general fund was \$1,156,052 an increase of \$53,640, or 4.87%. The total general fund balance was \$1,391,513. Total fund balance decreased by a total of \$161,113 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 14.87% of total general fund expenditures for the next fiscal year and total fund balance is equal to 17.91% of total general fund expenditures for the next fiscal year. The general fund has reserved, or nonspendable, fund balances for RDA note, \$235,461 which was reduced by \$104,597 as the RDA made a principal payment in that amount, and an interest payment on the note during the period. In the prior period the general fund had a Restricted for UTOPIA balance, \$110,156. Because of restructuring of the debt financing by UTOPIA, this amount was expensed in the this period.

The Redevelopment Agency fund, one of the other major governmental funds, had assigned fund balance of \$244,971. This is a \$308,593 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 \$278,330. This balance will be funded by participation by the RDA, and a note due from the tenant Centerpoint Legacy Theater.

Other Governmental funds had a total increase in fund balances of \$146,549. This increase is mostly due to the increase in balances in capital project funds.

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 \$9,926,224 at June 30, 2012. Total net assets increased by \$406,491 or 4.27%, primarily from investment in capital assets.

Drainage Utility

Total net assets at June 30, 2012 were \$2,841,124. Total net assets increased by a nominal \$38,983 or, 1.39%, from normal operations.

Other proprietary

Other non-major proprietary funds, Sanitation and Telecommunications, net assets totaled \$21,132 a decrease of \$44,423 or 67.76%, at June 30, 2012. The decrease in net assets was from normal operations in the Sanitation fund during the year, which was anticipated. These funds are intended to fund operations.

General fund budgetary highlights

During the fiscal year the general fund budget expenditures were amended from \$8,096,412 (\$7,787,055 expenditures and \$309,357 transfers out) to \$8,100,712 which included \$7,791,355 expenditures and \$309,357 transfers out. This reflects total increase of \$4,300 or .531%. The total budget has decreased

the last four years, (prior years being \$8,782,742, \$8,257,281 and \$8,173,276 respectively) reflecting the recession and decrease in revenues.

Only minor total amendment to the budget occurred during the year, but there were some re-allocation of funds at the sub-departmental level.

Total revenues had a negative variance between final amended budget to actual of 4.41%, or \$326,500. The most significant category with a negative variance is taxes, \$210,937 under budget. Sales tax revenues were the most significant category, that had a budget deficiency of over \$114,910, 3.68%. This reflects the slow recovery of the local and State economies. Franchise taxes collected on natural gas had a negative variance of \$48,676, or 19.47%, and actual revenue decreased from the prior period by \$30,364. This type of revenue is subject to seasonal usage fluctuation, and this reflects the relatively mild winter over 2010 and 2011. Revenue categories that had variances between the final amended budget and actual; Licenses and Permits a positive \$47,728, 9.53% above original budget was a result of permits and charges for development in the City such as building permits. Intergovernmental revenues \$1,782, or .33%, mostly due to increased shared gas tax revenue from the State. Charges for services \$39,652 or 32.14%, due to development related fees. Fines and Forfeiture decreases significantly from the prior year and ended with a \$39,435 deficit. Fine revenue has been decreasing steadily over the last two years. Interest revenue was significantly under budget due to decreased cash reserves and low earning rate, and classification of revenues, \$130,567 under, or only 17.10% of budget.

The only one expenditure category had a negative variance from budget to actual, UTOPIA pledges. Prior to the UTOPIA financing in November of 2011, debt service payments were paid by the trustee from a reserve and the City replenished the reserve. The City's portion of the reserve was considered an asset of the City. The re-financing included the use of the reserve, and therefore was expensed during the year. The recording of the expenditures in this period was not budgeted for in this period. All categories combined had a positive variance of \$336,295, 4.32%. Expenditures including transfers, exceeded sources of funds by \$161,113. Operating expenditures, not including transfers, decreased from the prior period by \$117,459.

Capital Assets and Debt Administration

Centerville City's investment in capital assets for governmental and business-type activities at June 30, 2012 was \$46,689,334 (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 decreased by \$488,898 or 1.036%. Governmental activities decreased capital assets (net of depreciation) \$606,767 or 1.85%, to \$32,195,617 of total assets (net of depreciation). Business type activities increased capital assets (net of depreciation) \$117,869 or .82% to \$14,493,717.

Major capital asset events during the current year were:

- 1) Governmental activities increased significantly in non-depreciated assets including by \$68,521 to \$7,555,420. There were no increases in Buildings, Improvements or Infrastructure during the year. Machinery and equipment increased \$76,023, 2.63%. Autos and trucks increased a net of \$100,817, 4.60%, with the addition of \$251,393 in assets and retiring \$150,576. Total accumulated depreciation increased \$852,128, 17.77%.

2) Investment of business type activities in water distribution systems and sub-drain systems increased by the amount of \$117,869 (after depreciation). Prior to depreciation, Water distribution systems increased by \$533,036, 4.67%; Storm Drain Systems, Buildings and Wells, Reservoirs and Sub-drain systems had no change. Machinery and equipment had a net decrease of 1,805, .13%, with the addition of 421,295 and the retirement of \$23,100 in assets . Total accumulated depreciation increased by \$413,362, 7.46%.

Centerville City Capital Assets
(Net of depreciation)

	Governmental Activities 2012	Governmental Activities 2011	Business-Type Activities 2012	Business-Type Activities 2011	Total 2012	Total 2011
Land	\$7,444,402	\$7,444,402	\$177,122	\$177,122	\$7,621,524	\$7,621,524
Buildings	\$16,249,995	\$16,703,312	\$1,757,830	\$1,807,481	\$18,007,825	\$18,510,793
Improvements other than buildings	\$4,605	\$4,742	\$48,617	\$48,617	\$53,222	\$53,359
Machinery & equipment	\$1,726,680	\$1,819,180	\$276,920	\$324,275	\$2,003,600	\$2,143,455
Distribution & collection systems	\$0	\$0	\$12,233,228	\$12,018,353	\$12,233,228	\$12,018,353
Autos & trucks	\$806,815	\$806,553	\$0	\$0	\$806,815	\$806,553
Infrastructure	\$5,780,116	\$5,909,031	\$0	\$0	\$5,780,116	\$5,909,031
Furniture & fixtures	\$71,986	\$72,667	\$0	\$0	\$71,986	\$72,667
Construction in Process	\$111,018	\$42,497	\$0	\$0	\$111,018	\$42,497
Total	\$32,195,617	\$32,802,384	\$14,493,717	\$14,375,848	\$46,689,334	\$47,178,232

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, 2012, the long term outstanding bonds payable of the City was \$12,470,000. None of this amount is considered general obligation debt. This is a increase from the prior period of \$94,000. Governmental activities outstanding debt decreased by \$1,385,000, and Business type activities increased by \$1,479,000. All of the debt is considered revenue bonds (\$8,260,000 governmental activities and \$4,210,000 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 2012	Governmental Activities 2011	Business-type Activities 2012	Business-type Activities 2011	Total 2012	Total 2011
Compensated Absences	\$457,806	\$449,085	\$78,457	\$74,344	\$536,263	\$523,429
Revenue bonds	\$8,260,000	\$9,645,000	\$4,210,000	\$2,731,000	\$12,470,000	\$12,376,000
Total	\$8,717,806	\$10,094,085	\$4,288,457	\$2,805,344	\$13,006,263	\$12,899,429

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 showing 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 2008. Unemployment has decreased from 6.4%, to 4.9%, within Davis County which is better than the State or national rate. The construction and construction related industries were affected the most. The national and state economy are expected to begin to continue a steady recovery in 2012-2013. 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. The City experienced a 6.16% increase in sales tax revenue from 2011, but still lags behind revenues received prior to the recession in 2008. Revenue from retail sales are expected to continue with a moderate increases in 2012-2013, perhaps 6-8%. 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 in 2009, 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 2012-2013 budget. A 4% water rate increase was implemented in the 2011-2012 budget, according to a three year plan to increase revenue and fund projects. The City issued water revenue bonds, and took advantage of historically low interest rates refinancing approximately \$2.1 million of prior debt and \$2.1 million of new construction funds. 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.

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, 2012

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 809,836	\$ 1,082,142	\$ 1,891,978
Receivables:			
Property and other taxes	2,809,498	-	2,809,498
Accounts	93,605	301,156	394,761
Loans	228,235	-	228,235
Prepays and other	-	40,569	40,569
Internal balances	1,221,248	(1,221,248)	-
Due from other governments	89,766	-	89,766
Bond issuance costs	250,190	137,374	387,564
Restricted cash and cash equivalents	77,536	2,532,805	2,610,341
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	2,966,898	1,400,362	4,367,260
Distribution and collection systems	-	15,464,073	15,464,073
Autos and trucks	2,290,708	-	2,290,708
Furniture and fixtures	111,575	-	111,575
Infrastructure	6,419,734	-	6,419,734
Construction in progress	111,018	-	111,018
Accumulated depreciation	(5,646,366)	(5,954,994)	(11,601,360)
Total assets	37,775,531	17,366,515	55,142,046
<u>LIABILITIES</u>			
Accounts payable	668,007	8,783	676,790
Accrued interest payable	51,354	39,400	90,754
Accrued liabilities	77,762	2,567	80,329
Unearned revenue	2,081,106	-	2,081,106
Deposits and bonds held	409,555	7,753	417,308
Non-current liabilities:			
Due within one year	1,583,113	366,787	1,949,900
Due in more than one year	7,491,169	4,152,745	11,643,914
Total liabilities	12,362,066	4,578,035	16,940,101
<u>NET ASSETS</u>			
Invested in capital			
assets, net of debt	23,935,722	10,052,642	33,988,364
Restricted for			
Debt service and construction	105,067	2,532,805	2,637,872
Unrestricted	1,372,676	203,033	1,575,709
Total net assets	\$ 25,413,465	\$ 12,788,480	\$ 38,201,945

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

CENTERVILLE CITY CORPORATION
Statement of Activities
For the Year Ended June 30, 2012

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<u>GOVERNMENTAL ACTIVITIES</u>							
General government	\$ 2,095,247	\$ 1,549,029	\$ -	\$ -	\$ (546,218)		\$ (546,218)
Public safety	2,976,846	-	-	-	(2,976,846)		(2,976,846)
Streets and public works	1,620,465	12,993	-	-	(1,607,472)		(1,607,472)
Parks and recreation	1,684,043	112,501	-	-	(1,571,542)		(1,571,542)
Community development	1,124,270	548,812	-	1,170,455	594,997		594,997
Interest on long-term debt	370,904	-	-	-	(370,904)		(370,904)
Total governmental activities	9,871,775	2,223,335	-	1,170,455	(6,477,985)		(6,477,985)
<u>BUSINESS-TYPE ACTIVITIES</u>							
Water	1,690,109	2,111,193	-	-		\$ 421,084	421,084
Sanitation	868,350	821,464	-	-		(46,886)	(46,886)
Storm drain	517,346	555,681	-	-		38,335	38,335
Telecom	37,747	40,199	-	-		2,452	2,452
Total business-type activities	3,113,552	3,528,537	-	-		414,985	414,985
<u>GENERAL REVENUES AND TRANSFERS</u>							
General Revenues:							
Taxes:							
Property taxes					2,555,160	-	2,555,160
Franchise taxes					994,689	-	994,689
General sales taxes					3,005,090	-	3,005,090
Interest income					30,319	5,831	36,150
Miscellaneous					186,386	-	186,386
Transfers, net					19,765	(19,765)	-
Total general revenues and transfers					6,791,409	(13,934)	6,777,475
Change in net assets					313,424	401,051	714,475
Net assets - beginning					25,100,041	12,387,429	37,487,470
Net assets - ending					\$ 25,413,465	\$ 12,788,480	\$ 38,201,945

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

CENTERVILLE CITY CORPORATION
Balance Sheets – Governmental Funds
June 30, 2012

	General	Special Revenue		Other Governmental	Totals Governmental Funds
		Redevelopment Agency	Arts Center		
ASSETS					
Cash and cash equivalents	\$ 20,382	\$ 343,145	\$ -	\$ 446,309	\$ 809,836
Receivables:					
Sales, property and franchise taxes	1,645,139	1,164,359	-	-	2,809,498
Accounts	93,605	-	-	-	93,605
Loans receivable	277,222	-	228,235	698,876	1,204,333
Class C road funds	89,766	-	-	-	89,766
Due from other funds	1,420,515	96,003	-	-	1,516,518
Note receivable - interfund	235,461	-	-	-	235,461
Restricted cash and cash equivalents	-	-	105	77,431	77,536
Total assets	<u>\$ 3,782,090</u>	<u>\$ 1,603,507</u>	<u>\$ 228,340</u>	<u>\$ 1,222,616</u>	<u>\$ 6,836,553</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$ 668,007	\$ -	\$ -	\$ -	\$ 668,007
Accrued liabilities	77,762	-	-	-	77,762
Deferred revenue - other	22,450	-	-	-	22,450
Deferred revenue - property taxes	935,581	1,123,075	-	-	2,058,656
Deferred revenue - loans receivable	277,222	-	228,235	698,876	1,204,333
Due to other funds	-	-	278,435	16,835	295,270
Deposits/bonds held	409,555	-	-	-	409,555
Note payable - interfund	-	235,461	-	-	235,461
Total liabilities	<u>2,390,577</u>	<u>1,358,536</u>	<u>506,670</u>	<u>715,711</u>	<u>4,971,494</u>
Fund balances					
Nonspendable					
RDA note	235,461	-	-	-	235,461
Total nonspendable	<u>235,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,461</u>
Restricted for:					
Debt service and construction	-	-	-	105,067	105,067
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,067</u>	<u>105,067</u>
Assigned to:					
Redevelopment Agency fund	-	244,971	-	-	244,971
Special revenue funds	-	-	-	27,649	27,649
Capital projects funds	-	-	-	374,189	374,189
Total assigned	<u>-</u>	<u>244,971</u>	<u>-</u>	<u>401,838</u>	<u>646,809</u>
Unassigned	1,156,052	-	(278,330)	-	877,722
Total fund balances	<u>1,391,513</u>	<u>244,971</u>	<u>(278,330)</u>	<u>506,905</u>	<u>1,865,059</u>
Total liabilities and fund balances	<u>\$ 3,782,090</u>	<u>\$ 1,603,507</u>	<u>\$ 228,340</u>	<u>\$ 1,222,616</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.	32,195,617
Bond issuance costs and long-term receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	478,425
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(9,125,636)</u>
Net assets of governmental activities	<u>\$ 25,413,465</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, 2012

	<u>Special Revenue</u>			<u>Other Governmental</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Redevelopment Agency</u>	<u>Arts Center</u>		
REVENUES					
Taxes	\$ 5,041,915	\$ 1,219,060	\$ -	\$ 293,964	\$ 6,554,939
Special assessments	-	-	-	12,993	12,993
Licenses and permits	548,812	-	-	-	548,812
Intergovernmental	541,232	109,758	-	519,465	1,170,455
Charges for services	163,027	-	-	426,938	589,965
Fines and forfeitures	460,565	-	-	-	460,565
Charges for services - other funds	611,000	-	-	-	611,000
Interest	26,933	-	-	3,386	30,319
Miscellaneous	160,048	-	50,095	26,338	236,481
Total revenues	<u>7,553,532</u>	<u>1,328,818</u>	<u>50,095</u>	<u>1,283,084</u>	<u>10,215,529</u>
EXPENDITURES					
Current operating:					
General government	1,392,886	750	-	3,674	1,397,310
Public safety	3,119,574	-	-	-	3,119,574
Streets and public works	1,465,215	-	-	-	1,465,215
Community development	451,462	612,364	-	-	1,063,826
Parks and recreation	915,767	-	-	191,282	1,107,049
Capital outlay	-	-	276,967	-	276,967
Debt service:					
Principal retirement	-	-	-	1,385,000	1,385,000
Interest and fiscal charges	-	20,403	-	362,313	382,716
UTOPIA pledge payments	110,156	-	-	339,190	449,346
Total expenditures	<u>7,455,060</u>	<u>633,517</u>	<u>276,967</u>	<u>2,281,459</u>	<u>10,647,003</u>
Excess (deficiency) of revenues over expenditures	<u>98,472</u>	<u>695,301</u>	<u>(226,872)</u>	<u>(998,375)</u>	<u>(431,474)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	10,078	-	120,414	1,155,002	1,285,494
Sale of capital assets	39,694	-	-	-	39,694
Transfers out	(309,357)	(1,003,894)	-	(10,078)	(1,323,329)
Total other financing sources (uses)	<u>(259,585)</u>	<u>(1,003,894)</u>	<u>120,414</u>	<u>1,144,924</u>	<u>1,859</u>
Net change in fund balance	(161,113)	(308,593)	(106,458)	146,549	(429,615)
Fund balance - beginning of year	1,552,626	553,564	(171,872)	360,356	2,294,674
Fund balance - end of year	<u>\$ 1,391,513</u>	<u>\$ 244,971</u>	<u>\$ (278,330)</u>	<u>\$ 506,905</u>	<u>\$ 1,865,059</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, 2012

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)	\$ (429,615)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays and capital contributions in the current period.	(534,110)
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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.	1,349,806
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(72,657)</u>
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Change in net assets of governmental activities (page 26)	<u><u>\$ 313,424</u></u>
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The accompanying notes are an integral part of this financial statement.

CENTERVILLE CITY CORPORATION
Statement of Revenues, Expenditures, and Change in Fund Balances –
Budget to Actual – General Fund
For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Taxes	\$ 5,252,852	\$ 5,252,852	\$ 5,041,915	\$ (210,937)
Licenses and permits	501,084	501,084	548,812	47,728
Intergovernmental	539,450	539,450	541,232	1,782
Charges for services	123,375	123,375	163,027	39,652
Fines and forfeitures	500,000	500,000	460,565	(39,435)
Charges for services - other funds	611,000	611,000	611,000	-
Interest	157,500	157,500	26,933	(130,567)
Miscellaneous	194,771	194,771	160,048	(34,723)
Total revenues	<u>7,880,032</u>	<u>7,880,032</u>	<u>7,553,532</u>	<u>(326,500)</u>
<u>EXPENDITURES</u>				
Current operating:				
General government:				
Administration	416,093	416,093	415,365	728
Municipal council	87,570	89,020	73,932	15,088
Finance	536,445	536,445	536,156	289
Legal	377,421	380,271	367,433	12,838
Total general government	<u>1,417,529</u>	<u>1,421,829</u>	<u>1,392,886</u>	<u>28,943</u>
Fire	768,425	768,425	768,425	-
Public safety	2,391,671	2,391,671	2,351,149	40,522
Streets and public works	1,705,712	1,705,712	1,465,215	240,497
Community development	482,008	482,008	451,462	30,546
Parks and recreation	1,021,710	1,021,710	915,767	105,943
Debt Service - UTOPIA pledge payment	-	-	110,156	(110,156)
Total expenditures	<u>7,787,055</u>	<u>7,791,355</u>	<u>7,455,060</u>	<u>336,295</u>
Excess (deficiency) of revenues over expenditures	92,977	88,677	98,472	9,795
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(309,357)	(309,357)	(309,357)	-
Sale of capital assets	52,000	52,000	39,694	(12,306)
Total other financing sources (uses)	<u>(257,357)</u>	<u>(257,357)</u>	<u>(259,585)</u>	<u>(2,228)</u>
Net change in fund balance	(164,380)	(168,680)	(161,113)	7,567
Fund balance - beginning of year	1,552,626	1,552,626	1,552,626	-
Fund balance - end of year	<u>\$ 1,388,246</u>	<u>\$ 1,383,946</u>	<u>\$ 1,391,513</u>	<u>\$ 7,567</u>

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

CENTERVILLE CITY CORPORATION
Statement of Revenues, Expenditures, and Change in Fund Balances –
Budget to Actual – Redevelopment Agency Special Revenue Fund
For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Taxes	\$ 1,395,000	\$ 1,395,000	\$ 1,219,060	\$ (175,940)
Intergovernmental	117,500	117,500	109,758	(7,742)
Total revenues	<u>1,512,500</u>	<u>1,512,500</u>	<u>1,328,818</u>	<u>(183,682)</u>
<u>EXPENDITURES</u>				
Current operating:				
General government	500	500	750	(250)
Community development	759,500	759,500	612,364	147,136
Debt service:				
Interest and fiscal charges	125,000	125,000	20,403	104,597
Total expenditures	<u>885,000</u>	<u>885,000</u>	<u>633,517</u>	<u>251,483</u>
Excess (deficiency) of revenues over expenditures	<u>627,500</u>	<u>627,500</u>	<u>695,301</u>	<u>67,801</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(905,000)</u>	<u>(905,000)</u>	<u>(1,003,894)</u>	<u>(98,894)</u>
Total other financing sources (uses)	<u>(905,000)</u>	<u>(905,000)</u>	<u>(1,003,894)</u>	<u>(98,894)</u>
Net change in fund balance	(277,500)	(277,500)	(308,593)	(31,093)
Fund balance - beginning of year	553,564	553,564	553,564	-
Fund balance - end of year	<u>\$ 276,064</u>	<u>\$ 276,064</u>	<u>\$ 244,971</u>	<u>\$ (31,093)</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Interest	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Miscellaneous	-	-	50,095	50,095
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>50,095</u>	<u>48,095</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>660,624</u>	<u>660,624</u>	<u>276,967</u>	<u>383,657</u>
Total expenditures	<u>660,624</u>	<u>660,624</u>	<u>276,967</u>	<u>383,657</u>
Excess (deficiency) of revenues over expenditures	<u>(658,624)</u>	<u>(658,624)</u>	<u>(226,872)</u>	<u>431,752</u>
<u>OTHER FINANCING USES</u>				
Transfers in	<u>-</u>	<u>-</u>	<u>120,414</u>	<u>120,414</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>120,414</u>	<u>-</u>
Net change in fund balance	(658,624)	(658,624)	(106,458)	552,166
Fund balance - beginning of year	<u>(171,872)</u>	<u>(171,872)</u>	<u>(171,872)</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ (830,496)</u></u>	<u><u>\$ (830,496)</u></u>	<u><u>\$ (278,330)</u></u>	<u><u>\$ 552,166</u></u>

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

CENTERVILLE CITY CORPORATION
Statement of Net Assets – Proprietary Funds
June 30, 2012

	<u>Water Fund</u>	<u>Drainage Utility Fund</u>	<u>Other Proprietary Funds</u>	<u>Total Proprietary Funds</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 349,955	\$ 730,197	\$ 1,990	\$ 1,082,142
Receivables:				
Accounts receivable, net	143,013	53,328	79,262	275,603
Unbilled receivables	25,553	-	-	25,553
Prepaid and other	40,569	-	-	40,569
Due from other funds	158,474	-	-	158,474
Total current assets	<u>717,564</u>	<u>783,525</u>	<u>81,252</u>	<u>1,582,341</u>
Noncurrent assets:				
Other assets:				
Restricted cash	2,532,805	-	-	2,532,805
Unamortized bond issuance costs	107,098	30,276	-	137,374
Total other assets	<u>2,639,903</u>	<u>30,276</u>	<u>-</u>	<u>2,670,179</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	11,941,238	-	-	11,941,238
Buildings and wells	2,373,680	-	-	2,373,680
Machinery and equipment	765,476	152,338	482,548	1,400,362
Sub-drain system	-	1,940,244	-	1,940,244
Storm drain system	-	1,582,591	-	1,582,591
Accumulated depreciation	(5,047,262)	(477,603)	(430,129)	(5,954,994)
Net property, plant and equipment	<u>11,243,728</u>	<u>3,197,570</u>	<u>52,419</u>	<u>14,493,717</u>
Total noncurrent assets	<u>13,883,631</u>	<u>3,227,846</u>	<u>52,419</u>	<u>17,163,896</u>
Total Assets	<u>14,601,195</u>	<u>4,011,371</u>	<u>133,671</u>	<u>18,746,237</u>
LIABILITIES				
Current liabilities:				
Accounts payable	-	-	8,783	8,783
Accrued liabilities	1,380	-	-	1,380
Accrued interest payable	31,288	8,112	-	39,400
Compensated absences	16,650	-	-	16,650
Due to other funds	1,125,245	158,474	96,003	1,379,722
Bonds payable - current	320,137	30,000	-	350,137
Security deposits	-	-	7,753	7,753
Due to subdividers	1,187	-	-	1,187
Total current liabilities	<u>1,495,887</u>	<u>196,586</u>	<u>112,539</u>	<u>1,805,012</u>
Long-term liabilities:				
Bonds payable	3,117,277	973,661	-	4,090,938
Compensated absences	61,807	-	-	61,807
Total long-term liabilities	<u>3,179,084</u>	<u>973,661</u>	<u>-</u>	<u>4,152,745</u>
Total Liabilities	<u>4,674,971</u>	<u>1,170,247</u>	<u>112,539</u>	<u>5,957,757</u>
NET ASSETS				
Invested in capital assets, net of related debt	7,806,314	2,193,909	52,419	10,052,642
Restricted for debt service and development	2,532,805	-	-	2,532,805
Unrestricted	(412,895)	647,215	(31,287)	203,033
Total Net Assets	<u>\$ 9,926,224</u>	<u>\$ 2,841,124</u>	<u>\$ 21,132</u>	<u>\$ 12,788,480</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, 2012

	<u>Water Fund</u>	<u>Drainage Utility Fund</u>	<u>Other Proprietary Funds</u>	<u>Total Proprietary Funds</u>
<u>OPERATING REVENUES</u>				
Charges for services	\$ 1,675,881	\$ 555,681	\$ 855,816	\$ 3,087,378
Connection and servicing	55,207	-	5,390	60,597
Miscellaneous	56,903	-	457	57,360
Total operating revenues	<u>1,787,991</u>	<u>555,681</u>	<u>861,663</u>	<u>3,205,335</u>
<u>OPERATING EXPENSES</u>				
Salaries and wages	285,646	45,348	-	330,994
Employee benefits	127,761	25,518	-	153,279
Water purchases	71,718	-	-	71,718
Utility costs	89,015	550	-	89,565
Maintenance and supplies	252,734	142,712	153,845	549,291
Tipping fees and contractual services	-	4,528	606,317	610,845
Professional and technical services	26,073	18,340	41,696	86,109
Administration and overhead	382,017	152,633	89,967	624,617
Depreciation	335,257	86,933	14,272	436,462
Total operating expenses	<u>1,570,221</u>	<u>476,562</u>	<u>906,097</u>	<u>2,952,880</u>
Operating income (loss)	<u>217,770</u>	<u>79,119</u>	<u>(44,434)</u>	<u>252,455</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Development and construction fees	323,202	-	-	323,202
Interest revenue	5,172	648	11	5,831
Interest expense	(119,888)	(40,784)	-	(160,672)
Total non-operating revenues (expenses)	<u>208,486</u>	<u>(40,136)</u>	<u>11</u>	<u>168,361</u>
Income before transfers	426,256	38,983	(44,423)	420,816
Transfers out	(19,765)	-	-	(19,765)
Change in net assets	406,491	38,983	(44,423)	401,051
Total net assets, beginning of year	<u>9,519,733</u>	<u>2,802,141</u>	<u>65,555</u>	<u>12,387,429</u>
Total net assets, end of year	<u>\$ 9,926,224</u>	<u>\$ 2,841,124</u>	<u>\$ 21,132</u>	<u>\$ 12,788,480</u>

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

CENTERVILLE CITY CORPORATION
Statement of Cash Flows – Proprietary Funds
For the Year Ended June 30, 2012

	Water Fund	Drainage Utility Fund	Other Proprietary Funds	Total Proprietary
<u>Cash flows from operating activities</u>				
Cash received from customers (including cash deposits)	\$ 1,759,982	\$ 552,747	\$ 848,869	\$ 3,161,598
Cash paid to suppliers	(901,006)	(327,635)	(883,042)	(2,111,683)
Cash paid to employees	(409,294)	(70,866)	-	(480,160)
Net cash provided (used) by operating activities	<u>449,682</u>	<u>154,246</u>	<u>(34,173)</u>	<u>569,755</u>
<u>Cash flows from non-capital financing activities</u>				
Transfers to other funds	(19,765)	-	-	(19,765)
Increase (decrease) in amounts due to other funds	(409,542)	(49,955)	57,447	(402,050)
Net cash provided (used) by non-capital financing activities	<u>(429,307)</u>	<u>(49,955)</u>	<u>57,447</u>	<u>(421,815)</u>
<u>Cash flow from capital and related financing activities</u>				
Proceeds from bonds	3,437,414	1,003,661	-	4,441,075
Bond payments - principal	(1,645,000)	(1,086,000)	-	(2,731,000)
Bond payments - interest	(107,989)	(59,822)	-	(167,811)
Purchase of capital assets	(533,036)	-	(21,295)	(554,331)
Impact fees	323,202	-	-	323,202
Net cash provided (used) by capital and related financing activities	<u>1,474,591</u>	<u>(142,161)</u>	<u>(21,295)</u>	<u>1,311,135</u>
<u>Cash flow from investing activities</u>				
Interest earned on investments	5,172	648	11	5,831
Net cash provided by investing activities	<u>5,172</u>	<u>648</u>	<u>11</u>	<u>5,831</u>
Net increase (decrease) in cash and cash equivalents	1,500,138	(37,222)	1,990	1,464,906
Cash and cash equivalents at beginning of year	1,382,622	767,419	-	2,150,041
Cash and cash equivalents at end of year	<u>\$ 2,882,760</u>	<u>\$ 730,197</u>	<u>\$ 1,990</u>	<u>\$ 3,614,947</u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>				
Operating income (loss)	\$ 217,770	\$ 79,119	\$ (44,434)	252,455
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	255,808	78,061	14,272	348,141
Decrease (increase) in accounts receivable	(19,795)	(2,934)	(12,794)	(35,523)
Decrease (increase) in prepaid expenses	(8,214)	-	-	(8,214)
Increase (decrease) in accounts payable and accrued liabilities	-	-	8,783	8,783
Increase (decrease) in compensated absences	4,113	-	-	4,113
Total adjustments	<u>231,912</u>	<u>75,127</u>	<u>10,261</u>	<u>317,300</u>
Net cash provided (used) by operating activities	<u>\$ 449,682</u>	<u>\$ 154,246</u>	<u>\$ (34,173)</u>	<u>\$ 569,755</u>

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

CENTERVILLE CITY CORPORATION
Statement of Net Assets – Fiduciary Fund
June 30, 2012

	Trust Fund Total
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 5,571</u>
Total assets	<u>5,571</u>
<u>NET ASSETS</u>	
Unrestricted	<u>5,571</u>
Total net assets	<u><u>\$ 5,571</u></u>

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

CENTERVILLE CITY CORPORATION
Statement of Changes in Net Assets – Fiduciary Fund
For the Year Ended June 30, 2012

	<u>Trust Fund Total</u>
<u>ADDITIONS</u>	
Miscellaneous:	
Donations	\$ 6,543
Transfer in	<u>57,600</u>
Total additions	<u>64,170</u>
<u>DEDUCTIONS</u>	
Administrative	<u>75,648</u>
Total deductions	<u>75,648</u>
Change in net assets	(11,478)
Net assets - beginning	<u>17,049</u>
Net assets - ending	<u><u>\$ 5,571</u></u>

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, 2012

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, 2012

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, 2012

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, 2012

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, 2012 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, 2012

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, 2012

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 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, 2012

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	\$ 37,841,983
Accumulated depreciation	<u>(5,646,366)</u>
Total difference	<u><u>\$ 32,195,617</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, 2012 were:

Sales tax revenue bonds	\$ 8,185,000
Bond issuance premium	356,476
Lease revenue refunding bonds	75,000
Interest payable on long-term debt	51,354
Compensated absences	<u>457,806</u>
Total difference	<u><u>\$ 9,125,636</u></u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2012

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	\$ 395,937
Depreciation expense	<u>(930,047)</u>
Net difference, as reported	<u><u>\$ (534,110)</u></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, 2012

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 General Fund Debt Service – UTOPIA pledge payment was in excess of budget of \$110,156. The Recreation Special Revenue Fund had expenditures in excess of budget of \$24,932. The Arts Center Special Revenue Fund had a deficit fund balance of \$278,330 at June 30, 2012. This deficit 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, 2012

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, 2012, \$47,467 of the City's bank balance of \$297,467 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, 2012, the City had investments of \$4,332,522 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2012

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	\$ 1,891,978
Restricted cash and cash equivalents	<u>2,610,341</u>
	<u><u>\$ 4,502,319</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	\$ 1,645,139	\$ 1,164,359	\$ -	\$ -	\$ -	\$ -	\$ 2,809,498
Accounts and other	93,605	-	-	193,433	55,328	85,262	427,628
Intergovernmental	89,766	-	-	-	-	-	89,766
Gross receivables	1,828,510	1,164,359	-	193,433	55,328	85,262	3,326,892
Less: allowance for uncollectibles	-	-	-	(24,867)	(2,000)	(6,000)	(32,867)
Net total receivables	<u>\$ 1,828,510</u>	<u>\$ 1,164,359</u>	<u>\$ -</u>	<u>\$ 168,566</u>	<u>\$ 53,328</u>	<u>\$ 79,262</u>	<u>\$ 3,294,025</u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2012

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)	\$ 935,581	\$ -
Property taxes receivable (RDA Fund)	1,123,075	-
Various prepayments received (General Fund)	-	22,450
Receivable from nonprofit organization (Arts Center Fund)	228,235	-
Receivable from UTOPIA (nonmajor governmental fund)	698,876	-
Receivable from UTOPIA (General Fund)	277,222	-
 Total deferred/unearned revenue for governmental funds	 \$ 3,262,989	 \$ 22,450

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2012

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	07/01/11	Increases	Decreases	06/30/12
<u>Governmental activities</u>				
Capital assets, not depreciated:				
Land	\$ 7,444,402	\$ -	\$ -	\$ 7,444,402
Construction in progress	42,497	68,521	-	111,018
Total capital assets, not depreciated	7,486,899	68,521	-	7,555,420
Capital assets, depreciated:				
Buildings	18,435,365	-	-	18,435,365
Improvements	62,283	-	-	62,283
Infrastructure	6,419,734	-	-	6,419,734
Machinery and equipment	2,890,875	76,023	-	2,966,898
Autos and trucks	2,189,891	251,393	(150,576)	2,290,708
Furniture and fixtures	111,575	-	-	111,575
Total capital assets, depreciated	30,109,723	327,416	(150,576)	30,286,563
Less: accumulated depreciation:				
Buildings	(1,732,053)	(453,317)	-	(2,185,370)
Improvements	(57,541)	(137)	-	(57,678)
Infrastructure	(510,703)	(128,915)	-	(639,618)
Machinery and equipment	(1,071,695)	(168,523)	-	(1,240,218)
Autos and trucks	(1,383,338)	(178,474)	77,919	(1,483,893)
Furniture and fixtures	(38,908)	(681)	-	(39,589)
Total accumulated depreciation	(4,794,238)	(930,047)	77,919	(5,646,366)
Net governmental capital assets	\$32,802,384	\$ (534,110)	\$ (72,657)	\$32,195,617

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2012

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets (Continued)

	07/01/11	Increases	Decreases	06/30/12
<u>Business-type activities</u>				
Capital assets, not depreciated:				
Water stock and rights	\$ 48,617	\$ -	\$ -	\$ 48,617
Land	177,122	-	-	177,122
	<u>225,739</u>	<u>-</u>	<u>-</u>	<u>225,739</u>
Total capital assets, not depreciated				
Capital assets, depreciated:				
Reservoirs	984,857	-	-	984,857
Water distribution system	11,408,202	533,036	-	11,941,238
Sub-drain system	1,940,244	-	-	1,940,244
Storm drain system	1,582,591	-	-	1,582,591
Buildings and wells	2,373,680	-	-	2,373,680
Machinery and equipment	1,402,167	21,295	(23,100)	1,400,362
	<u>19,691,741</u>	<u>554,331</u>	<u>(23,100)</u>	<u>20,222,972</u>
Total capital assets, depreciated				
Less: accumulated depreciation:				
Reservoirs	(682,585)	(21,643)	-	(704,228)
Water distribution system	(2,904,856)	(226,061)	-	(3,130,917)
Sub-drain system	(193,981)	(38,805)	-	(232,786)
Storm drain system	(116,119)	(31,652)	-	(147,771)
Buildings and wells	(566,199)	(49,651)	-	(615,850)
Machinery and equipment	(1,077,892)	(68,650)	23,100	(1,123,442)
	<u>(5,541,632)</u>	<u>(436,462)</u>	<u>23,100</u>	<u>(5,954,994)</u>
Total accumulated depreciation				
Net business-type capital assets	<u>\$14,375,848</u>	<u>\$ 117,869</u>	<u>\$ -</u>	<u>\$14,493,717</u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2012

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	\$ 119,257
Public safety	75,702
Highways and public improvements	155,250
Parks, recreation, and public property	576,994
Community development	<u>2,844</u>

Total depreciation expense - governmental activities	<u><u>\$ 930,047</u></u>
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Business-type activities:

Water	\$ 335,257
Drainage Utility	86,933
Sanitation	<u>14,272</u>

Total depreciation expense - business-type activities	<u><u>\$ 436,462</u></u>
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Interfund Receivable, Payables and Transfers

At June 30, 2012, 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	\$ 295,270
General	Water	1,125,245
RDA	Sanitation Fund	96,003
Water	Drainage Utility	<u>158,474</u>
		<u><u>\$ 1,674,992</u></u>

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

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2012

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, 2012 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ 251,757
Water	Nonmajor Governmental Funds	19,765
Redevelopment Agency	Nonmajor Governmental Funds	883,480
Redevelopment Agency	Arts Center	120,414
General	Fiduciary Fund	57,600
Arts Center	General	10,078
		<u>\$ 1,343,094</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.

Revenue Bonds

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

In February 2012, the City issued \$4,210,000 of Water Revenue Refunding Bonds Series 2012. The net proceeds of \$4,420,916 (after issuance costs of \$44,450, plus premium of \$255,366) were used for a current refunding of \$1,102,247 of Water Revenue Bonds Series 2003; an advance refunding of \$1,548,516 of Water Revenue Bonds Series 2002; and new debt of \$2,620,236. The advance refunding bonds were defeased by placing proceeds from the Series 2012 issuance in an irrevocable trust to provide for future debt service payments on the defeased bonds. Accordingly, the trust assets and the liability for the defeased bonds are not included on the City's financial statements. The refunding was done to reduce total future debt service payments. The refunding decreased the City's total debt service payments by \$535,365 and resulted in an economic gain of \$283,874.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2012

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds (Continued)

Revenue bonds outstanding at June 30, 2012 by issue are as follows:

<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	\$ 2,515,000	\$75,000 to \$200,000	3.70% to 5.00%	8/1/2012	\$ 75,000
Sales Tax Revenue, Series 2009	11,655,000	\$495,000 to \$1,510,000	3.00% to 4.00%	5/1/2021	8,185,000
Water Series 2012	<u>4,210,000</u>	\$100,000 to \$425,000	2.00% to 4.00%	9/1/2031	<u>4,210,000</u>
	<u>\$18,380,000</u>				<u>\$12,470,000</u>

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ended June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2013	\$ 1,670,000	\$ 421,144	\$ 2,091,144
2014	1,695,000	361,000	2,056,000
2015	1,785,000	300,200	2,085,200
2016	1,915,000	231,650	2,146,650
2017	920,000	169,163	1,089,163
2018 - 2022	3,300,000	468,919	3,768,919
2023 - 2027	540,000	164,300	704,300
2028 - 2032	<u>645,000</u>	<u>66,100</u>	<u>711,100</u>
	<u>\$ 12,470,000</u>	<u>\$2,182,476</u>	<u>\$ 14,652,476</u>

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2012

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012 was as follows:

	<u>07/01/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/12</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
MBA lease revenue	\$ 275,000	\$ -	\$ (200,000)	\$ 75,000	\$ 75,000
Sales tax revenue	9,370,000	-	(1,185,000)	8,185,000	1,260,000
Unamortized premium	396,085	-	(39,609)	356,476	39,609
Total bonds payable	10,041,085	-	(1,424,609)	8,616,476	1,374,609
Compensated absences	449,085	217,225	(208,504)	457,806	208,504
Governmental activity long-term liabilities	<u>\$10,490,170</u>	<u>\$ 217,225</u>	<u>\$ (1,633,113)</u>	<u>\$ 9,074,282</u>	<u>\$ 1,583,113</u>
<u>Business-type activities</u>					
Bonds payable:					
Revenue bonds	\$ 2,731,000	\$ 4,210,000	\$ (2,731,000)	\$ 4,210,000	\$ 335,000
Plus: unamortized premium:	-	255,366	-	255,366	16,596
Less: deferred amounts on refunding	-	(24,291)	-	(24,291)	(1,459)
Total bonds payable	2,731,000	4,441,075	(2,731,000)	4,441,075	350,137
Compensated absences	74,344	22,493	(18,380)	78,457	16,650
Business-type activity long-term liabilities	<u>\$ 2,805,344</u>	<u>\$ 4,463,568</u>	<u>\$ (2,749,380)</u>	<u>\$ 4,519,532</u>	<u>\$ 366,787</u>

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

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2012

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 \$1,219,060 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies. There is \$235,461 outstanding debt of the RDA at June 30, 2012 due to the General Fund.

During the year ended June 30, 2012, funds expended by the RDA were limited to the categories of debt service, capital outlay and administration costs. Administrative costs totaled \$100,000, and capital outlay expenditures totaled \$444,351 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. Beginning July 1, 2011, the URS also created a Tier 2 plan within the Systems. All new employees hired on or after July 1, 2011 are automatically placed on the Tier 2 plan. Within the Tier 2 plan, employees have two options; one is the Hybrid Retirement System, which combines a pension and 401(k) plan. The other option is the Defined Contribution Plan, which is 401(k) only. All contributions were equal to the required contributions.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2012

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.

Under the URS plans, the City is required to contribute a percentage of the annual covered salary. The City makes both the employee and employer designated contribution in contributory type plans. The following were the actuarially determined contribution rates required for fiscal year ended June 30, 2012:

	Contribution Rates	
	Tier 1	Tier 2
Local Government Contributory Retirement System	15.76%	10.33%
Local Government Noncontributory Retirement System	13.77%	
Public Safety Retirement System, Noncontributory Division	27.07%	

The City made contributions equal to the required contributions for each fiscal year ended June 30 as noted below:

	2012	2011	2010
Local Governmental Contributory Retirement System	\$ 23,108	\$ 22,240	\$ 18,806
Local Governmental Noncontributory Retirement System	221,536	213,011	182,587
Public Safety Retirements System for Employers with Social Security Coverage	203,387	197,131	171,127

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 \$5,978, \$5,163, and \$5,336 for the years ended June 30, 2012, 2011 and 2010, respectively.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2012

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 \$42,792, \$44,789, and \$44,270 for the years ended June 30, 2012, 2011 and 2010 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, 2012.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2012

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, 2011 the net assets deficit was \$120,118,562. The audited financial statements for UTOPIA as of June 30, 2012 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, 2012, the City's percentage of the Debt Service Reserve shortfall was 3.33% with a yearly liability maximum of \$415,530. 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, 2012 totaled \$339,190.

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 \$698,876 is recorded in the UTOPIA capital projects fund and for \$277,222 in the general fund with an offsetting entry to deferred revenue. In the entity wide statements, an allowance for doubtful accounts is recorded for the full amount, as it is currently unclear when UTOPIA will be in a position to repay the loan.

CENTERVILLE CITY CORPORATION
Notes to the Financial Statements (Continued)
June 30, 2012

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

InterLocal Agreements (Continued)

Utah Infrastructure Agency The City is one of eight member cities of the Utah Infrastructure Agency (UIA), formed by an interlocal cooperative agreement organized under the laws of the State of Utah. The UIA was established on July 6, 2010, for the purpose of financing, constructing, equipping, and operating an open, wholesale, advanced communications infrastructure utility system throughout the City and interconnection with other members of the UIA. The UIA issued debt of approximately \$25 million in January 2011, and may issue an additional \$34 million as stated benchmarks are reached. The City pledged sales and use tax revenue toward its share of any debt service fund shortfall. The anticipated pledge amount is 3.33% of the annual debt service fund shortfall. Any bonds or debt issued or incurred by UIA will not constitute debt of the City. Additionally, the City will bill and collect connection service fees from end users of UTOPIA located in the City on behalf of UIA. The City is entitled to 5% of the fee for administrative costs and the remaining 95% is due to UIA. The City becomes a signatory party to the end user agreement, along with UIA and the end user. The City is responsible for collection of the user fees stipulated in the agreement should the end user default. At June 30, 2012, the payable balance for services fees collected was 8,783. During 2012, the City created an enterprise fund (telecom) to account for the activity of this service contract.

CENTERVILLE CITY CORPORATION
Combining Balance Sheet – Non-major Governmental Funds
June 30, 2012

	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	\$ 1,051	\$ 26,598	\$ 1,594	\$ -	\$ 3,640	\$ 4,707	\$ 434	\$ 5,200	\$ 28,896
Loans receivable	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	77,431	-	-	-	-	-
Total assets	<u>\$ 1,051</u>	<u>\$ 26,598</u>	<u>\$ 1,594</u>	<u>\$ 77,431</u>	<u>\$ 3,640</u>	<u>\$ 4,707</u>	<u>\$ 434</u>	<u>\$ 5,200</u>	<u>\$ 28,896</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Deferred revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	16,835	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:									
Restricted for:									
Debt service	-	-	1,594	60,596	3,640	4,707	434	5,200	28,896
Assigned	1,051	26,598	-	-	-	-	-	-	-
Total fund balances	<u>1,051</u>	<u>26,598</u>	<u>1,594</u>	<u>60,596</u>	<u>3,640</u>	<u>4,707</u>	<u>434</u>	<u>5,200</u>	<u>28,896</u>
Total liabilities and fund balances	<u>\$ 1,051</u>	<u>\$ 26,598</u>	<u>\$ 1,594</u>	<u>\$ 77,431</u>	<u>\$ 3,640</u>	<u>\$ 4,707</u>	<u>\$ 434</u>	<u>\$ 5,200</u>	<u>\$ 28,896</u>

(Continued)

CENTERVILLE CITY CORPORATION
Combining Balance Sheet – Non-major Governmental Funds (Continued)
June 30, 2012

	<u>Capital Projects</u>			Total Non-major Governmental Funds
	Storm Drain	UTOPIA	Park Improvements Fund	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 36,011	\$ 41,105	\$ 297,073	\$ 446,309
Loans receivable	-	698,876	-	698,876
Restricted cash and cash equivalents	-	-	-	77,431
Total assets	<u>\$ 36,011</u>	<u>\$ 739,981</u>	<u>\$ 297,073</u>	<u>\$ 1,222,616</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Deferred revenue	\$ -	\$ 698,876	\$ -	\$ 698,876
Due to other funds	-	-	-	16,835
Total liabilities	<u>-</u>	<u>698,876</u>	<u>-</u>	<u>715,711</u>
Fund Balances:				
Restricted for:				
Debt service	-	-	-	105,067
Assigned	36,011	41,105	297,073	401,838
Total fund balances	<u>36,011</u>	<u>41,105</u>	<u>297,073</u>	<u>506,905</u>
Total liabilities and fund balances	<u>\$ 36,011</u>	<u>\$ 739,981</u>	<u>\$ 297,073</u>	<u>\$ 1,222,616</u>

CENTERVILLE CITY CORPORATION
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances –
Non-major Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue			Debt Service					
	Municipal Building Authority	Recreation	SID 400 West	City Hall Revenue	SID Gaurantee	SID Chase Lane	SID Porter Lane	Land Purchase	Arts Center
REVENUES									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 293,964
Special assessments	-	-	27	-	-	12,297	669	-	-
Intergovernmental	-	-	-	-	-	-	-	-	519,465
Charges for services	-	106,246	-	-	-	-	-	-	-
Interest	-	-	5	-	-	24	-	-	2,274
Miscellaneous	-	26,338	-	-	-	-	-	-	-
Total revenues	-	132,584	32	-	-	12,321	669	-	815,703
EXPENDITURES									
Current operating:									
General government	1,174	-	-	-	-	-	-	-	2,500
Parks and recreation	-	191,282	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	200,000	-	-	-	-	1,185,000
Interest and fiscal charges	-	-	-	9,526	-	-	-	-	352,787
UTOPIA pledge payment	-	-	-	-	-	-	-	-	-
Total expenditures	1,174	191,282	-	209,526	-	-	-	-	1,540,287
Excess (deficiency) of revenues over expenditures	(1,174)	(58,698)	32	(209,526)	-	12,321	669	-	(724,584)
OTHER FINANCING SOURCES (USES)									
Transfers in	1,300	30,000	-	78,860	-	-	-	-	753,480
Transfers out	-	-	-	-	-	(10,078)	-	-	-
Total other financing sources	1,300	30,000	-	78,860	-	(10,078)	-	-	753,480
Net change in fund balance	126	(28,698)	32	(130,666)	-	2,243	669	-	28,896
Fund balance - beginning of year	925	55,296	1,562	191,262	3,640	2,464	(235)	5,200	-
Fund balance - end of year	\$ 1,051	\$ 26,598	\$ 1,594	\$ 60,596	\$ 3,640	\$ 4,707	\$ 434	\$ 5,200	\$ 28,896

(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, 2012

	<u>Capital Projects</u>			Total Non-major Governmental Funds
	Storm Drain	UTOPIA	Park Improvements Fund	
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ -	\$ 293,964
Special assessments	-	-	-	12,993
Intergovernmental	-	-	-	519,465
Charges for services	24,292	-	296,400	426,938
Interest	269	141	673	3,386
Miscellaneous	-	-	-	26,338
Total revenues	<u>24,561</u>	<u>141</u>	<u>297,073</u>	<u>1,283,084</u>
<u>EXPENDITURES</u>				
Current operating:				
General government	-	-	-	3,674
Parks and recreation	-	-	-	191,282
Debt service:				
Principal retirement	-	-	-	1,385,000
Interest and fiscal charges	-	-	-	362,313
UTOPIA pledge payment	-	339,190	-	339,190
Total expenditures	<u>-</u>	<u>339,190</u>	<u>-</u>	<u>2,281,459</u>
Excess (deficiency) of revenues over expenditures	24,561	(339,049)	297,073	(998,375)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	291,362	-	1,155,002
Transfers out	-	-	-	(10,078)
Total other financing sources	<u>-</u>	<u>291,362</u>	<u>-</u>	<u>1,144,924</u>
Net change in fund balance	24,561	(47,687)	297,073	146,549
Fund balance - beginning of year	11,450	88,792	-	360,356
Fund balance - end of year	<u>\$ 36,011</u>	<u>\$ 41,105</u>	<u>\$ 297,073</u>	<u>\$ 506,905</u>

CENTERVILLE CITY CORPORATION
Combining Statement of Net Assets –
Non-major Proprietary Funds
For the Year Ended June 30, 2012

	<u>Sanitation</u>	<u>Telecom</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ -	\$ 1,990	\$ 1,990
Receivables:			
Accounts receivable, net	70,017	9,245	79,262
Total current assets	<u>70,017</u>	<u>11,235</u>	<u>81,252</u>
Noncurrent assets:			
Property, plant and equipment			
Machinery and equipment	482,548	-	482,548
Accumulated depreciation	(430,129)	-	(430,129)
Net property, plant and equipment	<u>52,419</u>	<u>-</u>	<u>52,419</u>
Total noncurrent assets	<u>52,419</u>	<u>-</u>	<u>52,419</u>
Total Assets	<u>122,436</u>	<u>11,235</u>	<u>133,671</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	-	8,783	8,783
Due to other funds	96,003	-	96,003
Security deposits	7,753	-	7,753
Total current liabilities	<u>103,756</u>	<u>8,783</u>	<u>112,539</u>
Total Liabilities	<u>103,756</u>	<u>8,783</u>	<u>112,539</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	52,419	-	52,419
Unrestricted	(33,739)	2,452	(31,287)
Total Net Assets	<u>\$ 18,680</u>	<u>\$ 2,452</u>	<u>\$ 21,132</u>

CENTERVILLE CITY CORPORATION
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets –
Non-major Proprietary Funds
For the Year Ended June 30, 2012

	<u>Sanitation</u>	<u>Telecom</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for services	\$ 815,617	\$ 40,199	\$ 855,816
Connection and servicing	5,390	-	5,390
Miscellaneous	457	-	457
Total operating revenues	<u>821,464</u>	<u>40,199</u>	<u>861,663</u>
<u>OPERATING EXPENSES</u>			
Maintenance and supplies	153,845	-	153,845
Tipping fees and contractual services	606,317	-	606,317
Professional and technical services	3,949	37,747	41,696
Administration and overhead	89,967	-	89,967
Depreciation	14,272	-	14,272
Total operating expenses	<u>868,350</u>	<u>37,747</u>	<u>906,097</u>
Operating income (loss)	<u>(46,886)</u>	<u>2,452</u>	<u>(44,434)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest revenue	11	-	11
Total non-operating revenues (expenses)	<u>11</u>	<u>-</u>	<u>11</u>
Change in net assets	(46,875)	2,452	(44,423)
Total net assets, beginning of year	<u>65,555</u>	<u>-</u>	<u>65,555</u>
Total net assets, end of year	<u>\$ 18,680</u>	<u>\$ 2,452</u>	<u>\$ 21,132</u>

CENTERVILLE CITY CORPORATION
Combining Statement of Cash Flows –
Non-major Proprietary Funds
For the Year Ended June 30, 2012

	<u>Sanitation</u>	<u>Telecom</u>	<u>Total</u>
<u>Cash flows from operating activities</u>			
Cash received from customers (including cash deposits)	\$ 817,915	\$ 30,954	\$ 848,869
Cash paid to suppliers	(854,078)	(28,964)	(883,042)
Net cash provided (used) by operating activities	<u>(36,163)</u>	<u>1,990</u>	<u>(36,163)</u>
<u>Cash flows from non-capital financing activities</u>			
Increase (decrease) in amounts due to other funds	57,447	-	57,447
Net cash provided (used) by non-capital financing activities	<u>57,447</u>	<u>-</u>	<u>57,447</u>
<u>Cash flow from capital and related financing activities</u>			
Purchase of capital assets	(21,295)	-	(21,295)
Net cash provided (used) by capital and related financing activities	<u>(21,295)</u>	<u>-</u>	<u>(21,295)</u>
<u>Cash flow from investing activities</u>			
Interest earned on investments	11	-	11
Net cash provided by investing activities	<u>11</u>	<u>-</u>	<u>11</u>
Net increase (decrease) in cash and cash equivalents	-	1,990	1,990
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 1,990</u>	<u>\$ 1,990</u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>			
Operating income (loss)	\$ (46,886)	\$ 2,452	\$ (44,434)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	14,272		14,272
Decrease (increase) in accounts receivable	(3,549)	(9,245)	(12,794)
Increase (decrease) in accounts payable and accrued liabilities	-	8,783	8,783
Total adjustments	<u>10,723</u>	<u>(462)</u>	<u>10,261</u>
Net cash provided (used) by operating activities	<u>\$ (36,163)</u>	<u>\$ 1,990</u>	<u>\$ (34,173)</u>

CENTERVILLE CITY CORPORATION
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual
Municipal Building Authority
For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<u>EXPENDITURES</u>				
General government	1,300	1,300	1,174	126
Total expenditures	1,300	1,300	1,174	126
Excess of revenues over expenditures	(1,300)	(1,300)	(1,174)	126
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,300	1,300	1,300	-
Net change in fund balance	-	-	126	126
Fund balance at beginning of year	925	925	925	-
Fund balance at end of year	<u>\$ 925</u>	<u>\$ 925</u>	<u>\$ 1,051</u>	<u>\$ 126</u>

CENTERVILLE CITY CORPORATION
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual
Recreation Fund
For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Recreation fees	\$ 108,000	\$ 108,000	\$ 106,246	\$ (1,754)
Field use agreement	-	-	4,712	4,712
Concession sales	19,000	19,000	20,667	1,667
Contributions	-	-	959	959
Total revenues	<u>127,000</u>	<u>127,000</u>	<u>132,584</u>	<u>5,584</u>
<u>EXPENDITURES</u>				
Salaries and wages	77,250	77,250	79,009	(1,759)
Employee benefits	10,400	10,400	11,051	(651)
Materials, supplies and other	49,700	49,700	75,162	(25,462)
Youth baseball/softball	29,000	29,000	26,060	2,940
Total expenditures	<u>166,350</u>	<u>166,350</u>	<u>191,282</u>	<u>(24,932)</u>
Excess (deficiency) of revenues over (under) expenditures	(39,350)	(39,350)	(58,698)	(19,348)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net change in fund balance	(9,350)	(9,350)	(28,698)	(19,348)
Fund balance, beginning of year	<u>55,296</u>	<u>55,296</u>	<u>55,296</u>	<u>-</u>
Fund balance, end of year	<u>\$ 45,946</u>	<u>\$ 45,946</u>	<u>\$ 26,598</u>	<u>\$ (19,348)</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Special assessment	\$ -	\$ -	\$ 27	\$ 27
Interest	-	-	5	5
Total revenues	<u>-</u>	<u>-</u>	<u>32</u>	<u>32</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	32	32
Fund balance at beginning of year	<u>1,562</u>	<u>1,562</u>	<u>1,562</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,562</u>	<u>\$ 1,562</u>	<u>\$ 1,594</u>	<u>\$ 32</u>

CENTERVILLE CITY CORPORATION
Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual
City Hall Revenue Bond Debt Service Fund
For the Year Ended June 30, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Interest	\$ 131,315	\$ 131,315	\$ -	\$ (131,315)
Total revenues	<u>131,315</u>	<u>131,315</u>	<u>-</u>	<u>(131,315)</u>
<u>EXPENDITURES</u>				
Principal retirement	200,000	200,000	200,000	-
Interest and fiscal charges	10,175	10,175	9,526	649
Total expenditures	<u>210,175</u>	<u>210,175</u>	<u>209,526</u>	<u>649</u>
Excess (deficiency) of revenues over (under) expenditures	(78,860)	(78,860)	(209,526)	(130,666)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	78,860	78,860	78,860	-
Net change in fund balance	-	-	(130,666)	(130,666)
Fund balance at beginning of year	191,262	191,262	191,262	-
Fund balance at end of year	<u>\$ 191,262</u>	<u>\$ 191,262</u>	<u>\$ 60,596</u>	<u>\$ (130,666)</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, 2012

	<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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
REVENUES				
Special assessment	\$ 7,896	\$ 7,896	\$ 12,297	\$ 4,401
Interest	2,182	2,182	24	(2,158)
Total revenues	<u>10,078</u>	<u>10,078</u>	<u>12,321</u>	<u>2,243</u>
EXPENDITURES				
Principal retirement	7,896	7,896	-	7,896
Interest and fiscal charges	2,182	2,182	-	2,182
Total expenditures	<u>10,078</u>	<u>10,078</u>	<u>-</u>	<u>10,078</u>
Net change in fund balance	-	-	12,321	(7,835)
Other financing sources				
Transfers out	<u>-</u>	<u>-</u>	<u>(10,078)</u>	<u>(10,078)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	-	-	2,243	(17,913)
Fund balance at beginning of year	<u>2,464</u>	<u>2,464</u>	<u>2,464</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,464</u>	<u>\$ 2,464</u>	<u>\$ 4,707</u>	<u>\$ (17,913)</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Special assessment	\$ -	\$ -	\$ 669	\$ 669
Expenditures	-	-	-	-
Net change in fund balance	-	-	669	-
Fund balance at beginning of year	(235)	(235)	(235)	-
Fund balance at end of year	<u>\$ (235)</u>	<u>\$ (235)</u>	<u>\$ 434</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, 2012

	<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	-	-	5,200	5,200
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,200</u>	<u>\$ 5,200</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Taxes	\$ 315,000	\$ 315,000	\$ 293,964	\$ (21,036)
Intergovernmental	506,429	506,429	519,465	13,036
Interest	1,100	1,100	2,274	1,174
Total revenues	<u>822,529</u>	<u>822,529</u>	<u>815,703</u>	<u>(6,826)</u>
<u>EXPENDITURES</u>				
General government	2,500	2,500	2,500	-
Debt service:				
Principal retirement	1,185,000	1,185,000	1,185,000	-
Interest and fiscal charges	352,788	352,788	352,787	1
Total expenditures	<u>1,540,288</u>	<u>1,540,288</u>	<u>1,540,287</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	(1,225,288)	(1,225,288)	(724,584)	(21,035)
<u>OTHER FINANCING SOURCES</u>				
Transfers in	-	-	753,480	753,480
Net change in fund balance	(1,225,288)	(1,225,288)	28,896	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u><u>\$ (1,225,288)</u></u>	<u><u>\$ (1,225,288)</u></u>	<u><u>\$ 28,896</u></u>	<u><u>\$ -</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Developer fees	\$ 30,000	\$ 30,000	\$ 296,400	\$ 266,400
Interest	-	-	673	673
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>297,073</u>	<u>267,073</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>114,038</u>	<u>114,038</u>	<u>-</u>	<u>114,038</u>
Total expenditures	<u>114,038</u>	<u>114,038</u>	<u>-</u>	<u>114,038</u>
Net change in fund balance	(84,038)	(84,038)	297,073	297,073
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ (84,038)</u>	<u>\$ (84,038)</u>	<u>\$ 297,073</u>	<u>\$ 381,111</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, 2012

	<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	\$ 23,289	\$ 13,289
Contributions and grants	-	-	1,003	1,003
Interest on investments	75	75	269	194
Total revenues	<u>10,075</u>	<u>10,075</u>	<u>24,561</u>	<u>14,486</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>22,259</u>	<u>22,259</u>	-	<u>22,259</u>
Total expenditures	<u>22,259</u>	<u>22,259</u>	-	<u>22,259</u>
Excess (deficiency) of revenues over (under) expenditures	(12,184)	(12,184)	24,561	36,745
Fund balance at beginning of year	<u>11,450</u>	<u>11,450</u>	<u>11,450</u>	<u>-</u>
Fund balance at end of year	<u>\$ (734)</u>	<u>\$ (734)</u>	<u>\$ 36,011</u>	<u>\$ 36,745</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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Interest	\$ 500	\$ 500	\$ 141	\$ (359)
Total revenues	<u>500</u>	<u>500</u>	<u>141</u>	<u>(359)</u>
<u>EXPENDITURES</u>				
Capital outlay	403,006	403,006	-	403,006
Debt Service - UTOPIA Pledge Payment	<u>-</u>	<u>-</u>	<u>339,190</u>	<u>(339,190)</u>
Total expenditures	<u>403,006</u>	<u>403,006</u>	<u>339,190</u>	<u>63,816</u>
Net change in fund balance	(241,144)	(241,144)	(47,687)	63,457
Fund balance at beginning of year	<u>88,792</u>	<u>88,792</u>	<u>88,792</u>	<u>-</u>
Fund balance at end of year	<u>\$ (152,352)</u>	<u>\$ (152,352)</u>	<u>\$ 41,105</u>	<u>\$ 193,457</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.	83
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These schedules contain information to help the reader assess the City's most significant local revenue sources.	88
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.	95
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.	100
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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.	102

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 Nine Fiscal Years

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<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	\$23,935,722
Restricted	\$58,474	\$0	\$0	\$211,742	\$209,375	\$13,476,070	\$6,014,400	\$314,049	\$105,067
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	\$1,372,676
Total governmental activities net assets	<u>\$10,724,698</u>	<u>\$14,654,724</u>	<u>\$15,938,172</u>	<u>\$18,818,675</u>	<u>\$20,319,745</u>	<u>\$22,059,120</u>	<u>\$23,770,332</u>	<u>\$25,100,041</u>	<u>\$25,413,465</u>
<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	\$10,052,642
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	\$2,532,805
Unrestricted	(\$156,336)	\$94,741	(\$90,161)	(\$542,570)	(\$75,167)	(\$172,501)	(\$327,570)	(\$364,138)	\$203,033
Total business-type activities net assets	<u>\$8,340,892</u>	<u>\$9,068,033</u>	<u>\$9,712,536</u>	<u>\$10,531,238</u>	<u>\$11,155,927</u>	<u>\$11,915,291</u>	<u>\$12,124,641</u>	<u>\$12,387,429</u>	<u>\$12,788,480</u>
<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	\$33,988,364
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	\$2,637,872
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	\$1,575,709
Total primary government net assets	<u>\$19,065,590</u>	<u>\$23,722,757</u>	<u>\$25,650,708</u>	<u>\$29,349,913</u>	<u>\$31,475,672</u>	<u>\$33,974,411</u>	<u>\$35,894,973</u>	<u>\$37,487,470</u>	<u>\$38,201,945</u>

Note: Information prior to 2004 not available.

Centerville City Corporation

Change in Net Assets Last Nine Fiscal Years

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$2,095,247
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	\$2,976,846
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	\$1,694,141	\$1,620,465
Parks & recreation	\$991,715	\$861,866	\$1,009,363	\$1,119,172	\$1,154,243	\$1,330,148	\$1,200,377	\$1,217,390	\$1,684,043
Community development	\$292,154	\$322,135	\$396,376	\$765,077	\$756,662	\$1,026,745	\$642,469	\$927,596	\$1,124,270
Interest on long-term debt	\$358,568	\$161,735	\$153,444	\$161,453	\$85,852	\$152,369	\$493,361	\$450,822	\$370,904
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	\$9,871,775
<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	\$1,690,109
Sanitation	\$657,062	\$622,042	\$623,259	\$637,035	\$649,850	\$655,091	\$818,314	\$881,683	\$868,350
Storm drain	\$320,222	\$452,361	\$348,444	\$463,475	\$475,445	\$382,484	\$483,127	\$575,251	\$517,346
Telecom	-	-	-	-	-	-	-	-	\$37,747
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	\$3,113,552
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	\$12,985,327
Program Revenues									
<u>Governmental activities</u>									
Charges for services									
General government	\$620,063	\$607,734	\$673,186	\$1,282,437	\$1,270,564	\$1,447,637	\$1,182,108	\$1,478,655	\$1,549,029
Streets and public works	\$78,798	\$127,773	\$17,211	\$290,260	\$52,887	\$8,009	\$10,551	\$7,186	\$12,993
Parks and recreation	\$168,502	\$238,975	\$194,926	\$108,473	\$220,092	\$115,714	\$96,152	\$114,825	\$112,501
Community development	\$324,721	\$443,083	\$570,739	\$477,875	\$500,852	\$283,527	\$242,284	\$338,196	\$548,812
Operating grants and contributions	\$23,566	\$42,682	\$115,683	\$243,090	\$89,310	\$32,287	\$0	\$0	\$0
Capital grants and contributions	\$71,155	\$2,458,208	\$875,000	\$100,000	\$186,500	\$1,701,527	\$2,256,903	\$1,202,285	\$1,170,455
Total governmental activities program revenues	\$1,286,805	\$3,918,455	\$2,446,745	\$2,502,135	\$2,320,205	\$3,588,701	\$3,787,998	\$3,141,147	\$3,393,790
<u>Business-type activities</u>									
Charges for services									
Water fees	\$1,755,100	\$1,774,208	\$1,864,538	\$2,233,905	\$2,283,281	\$1,654,905	\$1,642,409	\$1,972,977	\$2,111,193
Sanitation	\$717,913	\$691,892	\$688,237	\$641,393	\$611,679	\$623,054	\$758,206	\$796,831	\$821,464
Storm drain	\$480,816	\$492,807	\$553,441	\$507,974	\$579,744	\$542,718	\$591,537	\$549,545	\$555,681
Telecom	-	-	-	-	-	-	-	-	\$40,199
Operating grants and contributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital grants and contributions	\$0	\$410,000	\$34,250	\$0	\$0	\$0	\$350,000	\$12,000	\$0
Total business-type activities program revenues	\$2,953,829	\$3,368,907	\$3,140,466	\$3,383,272	\$3,474,704	\$2,820,677	\$3,342,152	\$3,331,353	\$3,528,537
Total primary government program revenues	\$4,240,634	\$7,287,362	\$5,587,211	\$5,885,407	\$5,794,909	\$6,409,378	\$7,130,150	\$6,472,500	\$6,922,327
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)	(\$6,477,985)
Business-type activities	(\$859,553)	\$1,114,619	\$1,001,393	\$756,279	\$584,360	\$181,672	\$365,860	\$301,009	\$414,985
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)	(\$6,063,000)

	Fiscal Year								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$2,555,160
Franchise, telecommunication, & energy sales taxes	\$700,001	\$809,720	\$901,116	\$869,898	\$933,916	\$964,201	\$966,412	\$970,297	\$994,689
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	\$3,005,090
Gain on Sale of Capital Assets	\$0	\$0	\$0	\$1,590,238	\$12,370	(\$20,408)	\$3,131	\$0	\$0
Other	\$771,953	\$290,599	\$371,281	\$495,343	\$385,430	\$291,996	\$329,497	\$706,511	\$216,705
Transfers	\$433,696	\$441,798	\$449,065	\$50,086	\$49,215	(\$549,751)	\$174,187	\$53,332	\$19,765
Total governmental activities	\$6,220,938	\$6,098,611	\$6,829,907	\$8,087,013	\$6,956,137	\$6,199,906	\$6,592,002	\$6,984,314	\$6,791,409
<u>Business-type activities</u>									
Other	\$20,039	\$54,320	\$92,175	\$112,509	\$89,544	\$27,941	\$17,677	\$15,111	\$5,831
Transfers	(\$433,696)	(\$441,798)	(\$449,065)	(\$50,086)	(\$49,215)	\$549,751	(\$174,187)	(\$53,332)	(\$19,765)
Total business-type activities	(\$413,657)	(\$387,478)	(\$356,890)	\$62,423	\$40,329	\$577,692	(\$156,510)	(\$38,221)	(\$13,934)
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	\$6,777,475
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	\$313,424
Business-type activities	(\$1,273,210)	\$727,141	\$644,503	\$818,702	\$624,689	\$759,364	\$209,350	\$262,788	\$401,051
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	\$714,475

Note: Information prior to 2004 not available.

Centerville City Corporation

Fund Balances of Governmental Funds Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>General Fund</u>										
Nonspendable	-	-	-	-	-	-	-	-	-	\$235,461
Restricted	\$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	\$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	\$1,156,052
Total general fund	<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>\$1,391,513</u>
<u>All other Governmental Funds</u>										
Restricted	\$2,134,982	\$1,478,402	\$1,478,404	\$1,474,063	\$820,031	\$817,664	\$14,084,359	\$5,810,749	\$203,893	\$105,067
Assigned reported in:										
Special revenue funds	\$0	(\$4,857)	\$54	(\$8,688)	(\$10,118)	\$22,581	\$46,802	\$46,964	\$56,221	\$27,649
Capital project funds	(\$9,587)	\$208,801	\$814,264	\$357,469	\$1,897,370	\$1,357,209	\$563,971	\$104,755	\$100,242	\$374,189
Redevelopment Agency Fund	(\$1,650,268)	(\$611,294)	(\$173,146)	\$267,841	\$1,075,796	\$1,333,978	\$758,791	\$961,349	\$553,564	\$244,971
Unassigned reported in:										
Special Revenue									(\$171,872)	(\$278,330)
Total all other governmental funds	<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>	<u>\$473,546</u>

Centerville City Corporation

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes	\$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	\$6,554,939
Special Assessments	\$18,304	\$13,536	\$7,630	\$3,129	\$13,020	\$3,707	\$8,009	\$10,551	\$7,186	\$12,993
Licenses & Permits	\$172,173	\$216,432	\$350,931	\$446,572	\$424,347	\$504,672	\$283,527	\$242,284	\$338,196	\$548,812
Intergovernmental	\$486,650	\$607,233	\$426,605	\$569,187	\$835,592	\$599,296	\$1,773,027	\$1,176,903	\$1,202,285	\$1,170,455
Charges for Services	\$273,092	\$473,622	\$547,574	\$472,336	\$719,931	\$510,426	\$529,684	\$381,139	\$389,770	\$589,965
Charges for Services - Other Funds	-	-	-	-	\$503,905	\$509,898	\$503,900	\$503,900	\$709,085	\$611,000
Fines & Forfeitures	\$401,756	\$489,947	\$511,430	\$534,025	\$557,842	\$575,692	\$573,747	\$576,948	\$494,625	\$460,565
Interest	\$120,403	\$314,814	\$172,109	\$241,381	\$338,479	\$283,791	\$129,251	\$121,520	\$52,788	\$30,319
Miscellaneous	\$74,476	\$196,797	\$121,490	\$132,900	\$168,714	\$119,139	\$162,745	\$207,977	\$375,393	\$236,481
Total Revenues	\$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	\$10,215,529
Expenditures										
General Government	\$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	\$1,397,310
Public Safety	\$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	\$3,119,574
Street & Public Works	\$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	\$1,465,215
Community Development	\$341,877	\$292,154	\$342,089	\$393,524	\$822,225	\$812,208	\$1,172,949	\$598,034	\$912,744	\$1,063,826
Parks & Recreation	\$918,705	\$870,751	\$852,385	\$959,585	\$3,182,537	\$2,059,249	\$1,281,932	\$1,040,316	\$1,050,792	\$1,107,049
Capital Outlay	\$79,031	\$118,670	\$452,487	\$691,711	\$141,150	\$264,746	\$1,210,577	\$7,744,284	\$6,046,231	\$276,967
Debt Service										
Principal retirement	\$309,304	\$274,000	\$214,000	\$159,000	\$172,598	\$278,028	\$288,154	\$1,418,953	\$1,474,093	\$1,385,000
Interest & fiscal charges	\$194,707	\$362,307	\$164,650	\$156,286	\$136,698	\$98,936	\$88,997	\$492,486	\$452,226	\$382,716
Contractual Payments (UTOPIA)								\$183,727	\$278,368	\$449,346
Total Expenditures	\$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	\$10,647,003
Excess (deficiency) of Revenues Over Expenditures	(\$325,796)	\$326,084	(\$157,923)	\$533,444	(\$1,491,966)	(\$373,734)	(\$80,267)	(\$8,197,389)	(\$6,666,775)	(\$431,474)
Other Financing Sources (uses)										
Transfers in	\$746,031	\$790,777	\$1,432,906	\$804,713	\$3,015,213	\$1,017,754	\$2,739,137	\$1,902,996	\$1,405,555	\$1,285,494
Transfers out	(\$362,178)	(\$360,081)	(\$994,108)	(\$358,648)	(\$2,976,977)	(\$986,039)	(\$3,312,388)	(\$2,392,049)	(\$1,364,223)	(\$1,323,329)
Sale of capital assets	-	\$263,342	-	-	\$1,630,773	\$19,282	\$28,631	\$9,326	\$12,178	\$39,694
Bond Proceeds	-	-	-	-	\$416,000	\$0	\$12,130,303	\$0	\$0	\$0
Total Other Sources	\$383,853	\$694,038	\$438,798	\$446,065	\$2,085,009	\$50,997	\$11,585,683	(\$479,727)	\$53,510	\$1,859
Net Change in Fund Balance	\$58,057	\$1,020,122	\$280,875	\$979,509	\$593,043	(\$322,737)	\$11,505,416	(\$8,677,116)	(\$6,613,265)	(\$429,615)
Fund Balance Beginning 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
Fund Balance End of Year	\$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	\$1,865,059
Debt service as a percentage of non-capital expenditures	8.33%	10.01%	5.67%	4.76%	2.98%	4.09%	4.25%	21.03%	19.95%	17.24%

(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 & Use Taxes	Highway Taxes	Franchise, Telecommunication & Energy Taxes	Special Assessments	Total Tax Revenue
2003	\$1,453,230	\$2,163,308	\$476,340	\$641,332	\$18,304	\$4,752,514
2004	\$1,495,609	\$2,298,227	\$512,511	\$700,001	\$8,850	\$5,015,198
2005	\$1,664,306	\$2,504,964	\$383,923	\$809,720	\$3,301	\$5,366,214
2006	\$1,875,576	\$2,776,236	\$453,504	\$901,116	\$3,129	\$6,009,561
2007	\$1,640,554	\$2,935,372	\$492,501	\$869,898	\$13,020	\$5,951,345
2008	\$1,790,944	\$3,198,415	\$509,985	\$933,915	\$3,707	\$6,436,966
2009	\$1,933,965	\$2,872,183	\$417,008	\$964,201	\$8,009	\$6,195,366
2010	\$2,385,839	\$2,732,936	\$482,701	\$966,412	\$10,551	\$6,578,439
2011	\$2,423,442	\$2,830,732	\$474,530	\$970,297	\$7,186	\$6,706,187
2012	\$2,555,160	\$3,005,090	\$464,392	\$994,689	\$12,993	\$7,032,324

Centerville City Corporation

Direct and Overlapping Sales Tax Rates Last Ten Fiscal Years

Year	City	County	State	Mass Transit	Total
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%
2012	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
2002	\$555,436	\$880,247	63.10%
2003	\$596,312	\$933,196	63.90%
2004	\$610,355	\$961,189	63.50%
2005	\$675,189	\$1,048,430	64.40%
2006	\$677,113	\$1,110,021	61.00%
2007	\$734,544	\$1,162,253	63.20%
2008	\$784,307	\$1,256,902	62.40%
2009	\$872,676	\$1,360,580	64.14%
2010	\$952,197	\$1,438,364	66.20%
2011	\$919,819	\$1,406,236	65.41%

Tax year 2011

	Residential	Commercial	Other	Total
Real Estate Assessed Value	\$214,477,964	\$101,127,609	\$5,048,400	\$320,653,973
Buildings	\$416,984,336	\$109,811,106	\$1,786	\$526,797,228
Personal Property	\$6,272,925	\$35,546,577	\$281,648	\$42,101,150
Centrally Assessed	-	-	-	\$30,266,046
Total	\$637,735,225	\$246,485,292	\$5,331,834	\$919,818,397

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 .001165%

The rate applied by all governmental entities is 1.3942%

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>Percent of Levy Collection</u>	<u>Subsequent Collections</u>	<u>Total Tax Collections</u>
2002	\$814,214	\$766,420	94.13%	\$33,422	\$799,867
2003	\$814,784	\$779,167	95.63%	\$35,459	\$814,626
2004	\$820,731	\$779,287	94.66%	\$25,969	\$804,916
2005	\$821,858	\$780,025	94.91%	\$34,390	\$814,415
2006	\$849,703	\$815,006	95.92%	\$31,756	\$846,762
2007	\$892,461	\$842,662	94.42%	\$33,812	\$876,474
2008	\$907,846	\$837,435	92.24%	\$35,892	\$873,327
2009	\$921,737	\$874,583	94.88%	\$47,779	\$922,362
2010	\$946,840	\$906,992	95.79%	\$38,623	\$945,615
2011	\$972,804	\$909,269	93.47%	\$33,508	\$942,777

Source: Utah State Tax Commission

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
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%
2011	0.1165%	0.2391%	0.8941%	0.1445%	1.3942%

Source: Utah State Tax Commission

Centerville City Corporation

Principal Taxpayers Current Year and 10 years Ago

Tax Year 2011 (current)				
Taxpayer	Rank	Type of Business	Taxable Value	Percentage of Total Taxable Value
Walmart	1	Retail	\$18,789,103	2.04%
Pacificorp	2	Electric Utility	\$16,163,402	1.76%
Dayton West LLC	3	Commercial Real Estate	\$15,029,028	1.63%
Dayton Hudson Corporation (Target)	4	Retail	\$10,543,343	1.15%
Centerville MarketPlace LLC	5	Retail	\$9,120,000	0.99%
HD Development of Maryland Inc.	6	Retail	\$6,615,000	0.85%
SDCKP LLC	7	Retail	\$6,792,918	0.74%
JGNK Investements LC	8	Commercial Real Estate	\$6,350,000	0.69%
Syro Steel	9	Manufacturing	\$5,590,151	0.61%
Hogan & Associates	10	Construction	\$4,596,295	0.50%
Fresh Market	11	Grocery	\$4,376,232	0.48%
DIKA Properties	12	Retail	\$4,235,000	0.46%
Garden View Centerville	13	Multi-family housing	\$4,115,192	0.45%
		Total	\$112,315,664	12.35%

Tax Year 2001				
Taxpayer	Rank	Type of Business	Taxable Value	Percentage of Total Taxable Value
Dayton Hudson Corporation (Target)	1	Retail	\$18,761,073	3.17%
Home Depot	2	Retail	\$9,809,847	1.66%
Pacificorp	3	Electrical Utility	\$6,602,519	1.12%
Albertsons	4	Grocery	\$5,594,434	0.95%
Syro Steel	5	Manufacturing	\$4,061,196	0.69%
US West**	6	Communications	\$3,585,635	0.61%
Hale Industries	7	Commercial	\$3,028,326	0.51%
Dayton West, LLC	8	Commercial Real Estate	\$2,998,670	0.51%
Richard T. Winegar*	9	Retail	\$2,996,608	0.50%
Air Products & Chemical	10	Manufacturing/Distribution	\$2,818,944	0.48%
Questar	11	Natural Gas Utility	\$2,411,244	0.41%
Symphony Development	12	Home Construction	\$2,258,600	0.38%
Land Rover of Centerville	13	Vehicle Sales	\$2,129,927	0.36%
		Total	\$67,057,023	11.35%

* Currently DIKA Properties

** Currently Qwest Communications

Source: Davis County Clerk/Auditors Office

Centerville City Corporation

Property Value and Construction Last Ten Calendar Years

<u>Calendar Year</u>	<u>Non-residential Construction</u>		<u>Residential Construction</u>		<u>Total New Construction</u>	<u>Estimated Total Property</u>
	<u>No of Units</u>	<u>Value</u>	<u>No of Units</u>	<u>Value</u>	<u>Value</u>	<u>Value</u>
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
2011	23	\$2,720,621	212	\$30,472,703	\$33,193,324	\$1,076,556,903

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			
2003	\$1,650,000			\$17,019	\$130,000	\$26,000	\$3,025,000	\$4,848,019	1.21%	\$327
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	1.23%	\$333
2006	\$1,155,000			\$4,247		\$4,000	\$3,696,000	\$4,859,247	1.06%	\$306
2007	\$995,000			\$0		\$0	\$3,522,000	\$4,517,000	0.95%	\$283
2008	\$830,000		\$312,000				\$3,341,000	\$4,483,000	0.93%	\$238
2009	\$655,000	\$11,655,000	\$208,000				\$3,154,000	\$15,672,000	3.20%	\$956
2010	\$470,000	\$10,535,000	\$104,000				\$2,949,000	\$14,058,000	2.77%	\$840
2011	\$275,000	\$9,370,000	\$0				\$2,731,000	\$12,376,000	2.37%	\$807
2012	\$75,000	\$8,185,000					\$4,210,000	\$12,470,000	2.31%	\$783

Centerville City Corporation

Direct and Overlapping Governmental Activities Debt June 30, 2012

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping
Debt repaid with property taxes			
Davis County	\$19,805,000	5.00%	\$990,250
Davis School District	\$448,625,000	5.00%	\$22,431,250
Weber Basin Water Conservancy	\$26,749,999	2.21%	\$591,175
State of Utah	\$3,487,680,000	0.55%	\$19,182,240
South Davis Recreation District	\$14,185,000	17.38%	\$2,465,353
Other Debt - Davis County			
Sales tax revenue bonds	\$40,156,659	11.23%	\$4,509,593
MBA lease revenue bonds	\$21,524,721	5.00%	\$1,076,236
Lease purchase	\$358,264	5.00%	\$17,913
Total Overlapping Debt	<u>\$4,059,084,643</u>		<u>\$51,264,010</u>
Centerville City			
Lease Revenue Bonds	\$75,000	100.00%	\$75,000
Sales Tax Revenue Bonds	\$8,185,000	100.00%	\$8,185,000
Total Direct Debt	<u>\$8,260,000</u>		<u>\$8,260,000</u>
Total Direct and Overlapping Debt	<u>\$4,067,344,643</u>		<u>\$59,524,010</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

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt Limit	\$20,848,430	\$21,125,317	\$21,727,714	\$23,293,501	\$26,048,852	\$35,971,172	\$34,500,403	\$32,209,898	\$30,499,924	\$31,078,256
Total net applicable debt	\$26,000	\$12,000	\$8,000	\$4,000	\$0	\$0	\$0	\$0	\$0	\$0
Legal debt margin	\$20,822,430	\$21,113,317	\$21,719,714	\$23,289,501	\$26,048,852	\$35,971,172	\$34,500,403	\$32,209,898	\$30,499,924	\$31,078,256
Total net debt applicable to limit as a percentage of debt limit	<u>0.12%</u>	<u>0.06%</u>	<u>0.04%</u>	<u>0.02%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed Value	\$776,956,408
Debt Limit (4% of assessed value)	\$31,078,256
Less Applicable Debt	<u>\$0</u>
Legal Debt Margin	<u>\$31,078,256</u>

Centerville City Corporation

Sales Tax Bond Coverage Last Three Years

Sales Tax Revenue Bonds series 2009

<u>Fiscal Year</u>	<u>Sales & Use Tax Revenue</u>	<u>Principal</u>	<u>Interest & Fiscal Charges</u>	<u>Total</u>	<u>Coverage</u>
2010	\$2,732,936	\$1,120,000	\$422,258	\$1,542,258	1.77
2011	\$2,830,732	\$1,165,000	\$401,888	\$1,566,888	1.81
2012	\$3,005,090	\$1,185,000	\$355,288	\$1,540,288	1.95

Bonds were issued in 2009, Not applicable prior to 2010.

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
2003	\$1,473,051	(\$280,416)	(\$639,747)	\$552,888	-	\$107,922	\$107,922	5.12
2004(1)	\$2,252,226	(\$369,040)	(\$1,047,186)	\$836,000	\$155,000	\$158,996	\$313,996	2.66
2005	\$2,316,108	(\$373,793)	(\$1,175,166)	\$767,149	\$161,000	\$154,490	\$315,490	2.43
2006	\$2,499,361	(\$381,060)	(\$1,033,867)	\$1,084,434	\$174,000	\$147,860	\$321,860	3.37
2007	\$2,843,981	(\$63,276)	(\$1,661,175)	\$1,119,530	\$182,000	\$170,606	\$352,606	3.18
2008	\$2,944,790	(\$49,215)	(\$1,892,103)	\$1,003,472	\$181,000	\$141,918	\$322,918	3.11
2009	\$2,222,061	(\$73,500)	(\$1,519,205)	\$629,356	\$187,000	\$107,317	\$294,317	2.14
2010	\$2,250,986	(\$183,913)	(\$1,611,166)	\$455,907	\$205,000	\$137,413	\$342,413	1.33
2011	\$2,537,339	(\$82,220)	(\$1,611,315)	\$843,804	\$218,000	\$134,742	\$352,742	2.39
2012(2)	\$2,672,694	(\$19,765)	(\$1,624,593)	\$1,028,336	\$236,000	\$110,135	\$346,135	2.97

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

(2) 2012 Principal & interest is current portion due only. The 2002 & 2003 bond issues were refunded along with new debt issued.

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)
2002	14,735	\$25,947	\$382,329,045	5.20%	27.3	3.52
2003	14,810	\$26,943	\$399,025,830	5.20%	27.3	3.52
2004	14,885	\$27,418	\$408,116,930	4.40%	27.3	3.52
2005	14,960	\$28,081	\$420,091,760	3.70%	27.3	3.52
2006	15,035	\$30,577	\$459,725,195	3.10%	27.3	3.52
2007	15,110	\$31,518	\$476,236,980	3.70%	27.3	3.52
2008	15,185	\$31,915	\$484,629,275	5.40%	27.3	3.52
2009	15,260	\$32,115	\$490,074,900	5.90%	27.3	3.52
2010	15,335	\$33,104	\$507,649,840	6.70%	31.7	3.21
2011	15,440	\$33,817	\$522,134,480	5.20%	31.7	3.21

(1) Years 2002-2009, 2000 United States Census Report and estimates average growth; 2010, 2010 Census and 2011 average growth.

(2) Davis County Clerk/Auditor

(3) Utah Department of Workforce Services

(4) United States Census Reports, years 2001-2009, 2000 report; 2010 year 2010-2011.

Centerville City Corporation

Principal Employers

Current Year

Employer	Type of Business	Employees	Rank
Management & Training Corporation	Job Training Services	500-999	1
Walmart	General Merchandise	250-499	2
Target	General Merchandise	100-249	3
Dicks Market	Grocery Store	100-249	4
Deseret Industries	Retail Trade	100-249	5
Hogan & Associates	General Contractor	100-249	6
Home Depot	Retail Trade	100-249	7
Varsity Contractors	Admin. Support	100-249	8

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.

Centerville City Corporation

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

Function	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Administration	3	3	3	3	3	3	3	3	3	3
Finance	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Justice Court	3.5	3.5	3.75	3.75	3.75	3.75	3.75	3.75	2.75	2.5
Total General Government	10	10	10.25	10.25	10.25	10.25	10.25	10.25	9.25	9
Police	25	25	25	25	25	25	25	25	25	25
Community Development	3	3	3	4	4	4	4	3	3	3
Public Works										
Administration	3	2.5	3	4	4	4	4	4	4	4
Streets	4	4	4	4	4	4	4	4	4	4
Water	5.5	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	13.5	13	13.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
Parks & Recreation										
Parks	7	7	7.5	8.5	9.5	9.5	9.5	9.5	9.5	9.5
Recreation	6.5	6.5	6.75	6.25	6.5	6.5	6.5	6.5	6.5	6.5
Museum	-	-	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Building Maintenance	0.5	0.5	0.5	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Total Parks & Recreation	14	14	15.25	16	17.25	17.25	17.25	17.25	17.25	17.25
Total Primary Government	65.5	65	67	69.75	71	71	71	70	69	68.75

Sources: Centerville City Payroll.

Centerville City Corporation

General Fund Expenditures by Function Last Ten Fiscal Years

<u>Fiscal</u> <u>Year</u>	<u>General</u> <u>Government</u>	<u>Public</u> <u>Safety</u>	<u>Public</u> <u>Works</u>	<u>Community</u> <u>Development</u>	<u>Parks &</u> <u>Recreation</u>	<u>Total</u>
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
2012	\$1,392,886	\$3,119,574	\$1,465,215	\$451,462	\$915,767	\$7,344,904

Centerville City Corporation

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

Function	2007	2008	2009	2010	2011
Community Development					
Single Dwelling permits	43	14	7	10	32
Double Dwelling permits	8	48	24	8	22
Multi-family Dwelling permits	24	24	0	0	3
Commercial permits	26	20	15	7	23
Demolition permits	12	7	6	2	0
Occupancy permits					
Residential	84	79	42	27	57
Commercial	31	23	17	19	23
Permit process time	7 days	7 days	7 days	7 days	5 days
Parks, Recreation and Trails					
Developed Acreage	88	88	88	88	88
Undeveloped Acreage	35	35	35	35	35
Youth in Recreation Programs	2,970	2,658	2,732	2,446	2,510
Police Services					
Expenditures per officer	\$103,968	\$113,688	\$119,140	\$119,140	\$125,047
Average response time (minutes)	3.5 to 4	1.23 to 6.52	.80 to 2.93	3.32	3.63
Police reports per officer	201	135	143	124	130
Water					
Gallons billed	449,896,786	476,933,000	492,084,000	530,025,000	5,318,442
Residential connections	3,995	4,041	4,093	4,110	4,114
Other connections	452	459	461	463	465
Taxes					
Taxable sales per capita (local option)	\$20,747	\$21,761	\$19,856	\$20,954	\$22,136
Sales tax revenue per capita (local option)	\$194.27	\$210.63	\$188.22	\$178.22	\$193.51
Indexed to State average (less resort cities)	103.00%	115.10%	111.37%	109.34%	N/A
Property tax revenue per capita (non RDA)	\$56.68	\$57.99	\$57.36	\$62.45	60.35
Indexed to State average (less resort cities)	80.20%	78.36%	59.13%	63.72%	N/A
Franchise tax per capita	\$57.58	\$61.51	\$63.19	\$63.02	\$64.05
Indexed to State average (less resort cities)	163.16%	384.44%	210.63%	233.41%	N/A
Total tax revenue per capita	\$308.53	\$330.13	\$308.77	\$303.69	\$317.91
Indexed to State average (less resort cities)	104.80%	120.93%	104.31%	105.45%	N/A
General Fund revenues per capita	\$456	\$426	\$428	\$485	\$483.03
General Fund expenditures per capita	\$407	\$444	\$446	\$493	\$490.52
Capital improvement expenditures per capita	\$123	\$72	\$101	\$394	\$391.60

Sources: Utah State Tax Commission. UCMA Benchmarking report.

Centerville City Corporation

Capital Asset & Statistical Information by Function Last Ten Fiscal Years

Date of Incorporation	May 17, 1915									
Area of City	7.5 square miles									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Population Estimate(1)	14,810	14,885	14,960	15,035	15,110	15,185	15,260	15,335	15,440	15,530
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										
Miles of Streets	57	57	58	59	59	61	62	62	64	64
Number of Street Lights	702	706	710	717	729	733	715	715	725	728
Public Works Office, Maintenance, Storage	1	2	2	2	2	2	2	2	2	2
Number of Police Stations (included in City Hall)	1	1	1	1	1	1	1	1	1	1
Number of Police Officers	16	16	16	16	17	17	17	17	17	17
Municipal Water										
Number of Customers	4,132	4,257	4,273	4,366	4,401	4,499	4,523	4,541	4,589	4,624
Miles of Water Mains	68	68	69	70	71	72	72	72	74	77.29
Number of Culinary Water Wells	8	8	8	8	8	8	8	8	8	8
Number of Culinary Water Storage Tanks	6	6	6	6	6	6	6	6	6	6
Waste Collection										
Number of primary residential customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,983	4,024	4127
Number of recycling customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	3,272	3,416	3546
Number of green waste customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	905	1066
Building Permits Issued (new construction, includes remodel)	55	90	58	114	115	115	55	46	98	80
Parks & Recreation										
Office, Maintenance, Storage Buildings	1	1	1	1	1	1	1	1	1	1
Developed Parks	4	4	5	5	7	7	7	7	7	7
Undeveloped Parks and Trails	3	3	2	2	0	5	5	5	5	5
Pavillions	5	5	5	5	7	7	7	7	7	7
Tennis Courts	4	4	4	4	4	4	4	4	4	4
Baseball Fields	4	4	4	4	4	4	4	4	4	4

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

(1) Years 2003-2009, based on 2000 Census and subsequent years are estimated on new construction. 2010-12 is 2010 Census, following years are estimated from new construction.

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**CENTERVILLE CITY CORPORATION
CENTERVILLE, UTAH**

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

YEAR ENDED JUNE 30, 2012

Hansen, Bradshaw, Malmrose & Erickson

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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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 7, 2012. 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 7, 2012

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

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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, 2012, and have issued our report thereon dated December 7, 2012. 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, 2012. 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, 2012.

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 7, 2012

CENTERVILLE CITY CORPORATION
Schedule of Findings
For the Year Ended June 30, 2012

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, 2012, expenditures exceeded budgeted amounts in the following funds or departments:

<u>Fund</u>	<u>Department</u>	<u>Amount Over Budget</u>
General	Debt Service -UTOPIA pledge payment	\$110,156
Recreation Special Revenue	Total expenditures	24,932

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:

General Fund – The refinancing by UTOPIA of its debt incorporated the bonds debt service reserve and restructured the method by which the City made its pledge obligation. Pledge payments are no longer paid to the trustee to replenish the reserve deficit, but are made directly to the trustee as payments. This change required the City to expense the remaining reserve to remove it as an asset. We did not anticipate this expense during the year. Staff will increase monitoring of any non-departmental obligations the City may have.

Recreation Special Revenue – The Recreation fund by its nature of service, incurs a substantial portion of expenditures near June 30. There was an extraordinary and unanticipated amount of expenditures in the fund at the end of the accounting period. Staff is reviewing expenditures in this fund to be able to increase the ability to provide accurate budgetary amounts.

(Continued)

CENTERVILLE CITY CORPORATION
Schedule of Findings (Continued)
For the Year Ended June 30, 2012

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 \$278,330 as of June 30, 2012. This deficit resulted in the City's noncompliance with State of Utah fund balance requirements.

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

Management's Response: This fund accounted for the expenses for the construction of the Art Center, which was completed this year. A portion of the anticipated funding in this fund was from private donations, which have not been fully received and account for the majority of the deficit. Staff will recommend a loan from the RDA to clear the deficit balance in this fund until the balance is paid in full.