

**CENTERVILLE CITY CORPORATION  
CENTERVILLE, UTAH**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2013**

**CENTERVILLE CITY CORPORATION**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2013**

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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 23, 2013.

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, 2013.

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, 2013, 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, 2013, 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 comparatively moderate residential growth in recent years, increase in multi-family and single family units in recent years. Most of the land available for residential growth 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 maintained services and operating expenditures at a level that should be sustainable even with flat or decreasing revenues. Capital investment, especially in roads, has been decreasing and is of concern.

Sales tax is the main source of tax revenue for general services. After years of steady growth in sales tax, the recession caused several years of decreasing revenues. Sales tax revenues has increased since 2011, recovering to levels near 2008 revenues. 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 2013-2014. Other revenue sources such as property tax have been stable, but little increase. The City increased the Energy Sales and Use taxes on Power and Natural Gas from 5% to a statutory limit of 6%. The increased revenues are intended to be used primarily for roads.

The City's west side has continued to expand commercially. This area has potential of significant commercial development, including retail, office and light manufacturing. 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. The RDA is has also created an additional CDA on the west side, the Barnard Creek CDA. This is area is anticipated to accommodate light industrial, office and manufacturing.

### **Major Initiatives**

The City’s major initiatives in FY 2013 included water system improvements, street projects, telecommunication services, Redevelopment Agency activities, reopening the Whitaker Museum, and updating Development Impact Fees.

#### **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 is being used over a three-year period for several water system improvements. Projects completed in FY 2013 include drilling the Chase Lane Well, replacing the water main on Main Street (State Highway 106) between 100 North and 1000 North, and replacing the water main on Chase Lane. Design of the pump station for the Chase Lane Well began in FY 2013.

#### **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 2013 one of the City’s collector roads—Chase Lane—was reconstructed from Main Street to Oak Ridge Drive.

Also in FY 2013 the City Engineer continued designing a major reconstruction of the Main and Parrish intersection. Construction has been delayed, however, until calendar year 2014 due to the difficulty of acquiring additional right-of-way from adjoining property owners. Most of the \$1.7 million needed for this project will come from State and Federal sources.

## Telecommunication Services

In FY 2013 Centerville became one of the few communities in the nation in which residents and businesses can receive “fiber-to-the-premises” internet service of up to a gigabyte per second throughout the city. This capacity is a result of Centerville’s participation in the Utah Telecommunications Agency (UTOPIA) and the Utah Infrastructure Agency (UIA).

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.

In 2010, eight of the UTOPIA cities, including Centerville, created the 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 being 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 restart construction of the network in Centerville. Construction continued throughout FY 2012 and into FY 2013. Nearly all residences and businesses now have the opportunity to connect to the network with “fiber-to-the-premises.” As of the end of this reporting period more than 1,000 residences and businesses in the city were connected to the UIA/UTOPIA network.

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 is pursuing a lawsuit against the Rural Utility Service, the source of the suspended federal loan, for damages resulting from that action.

## Redevelopment Agency Activities

The Centerville Redevelopment Agency (RDA) was very active in promoting commercial development in FY 2013.

The RDA entered into a Participation Agreement with Management and Training Corporation (MTC) relating to the construction of MTC’s second office building, restaurant and a parking structure that serves both MTC and the RDA’s performing arts center. The RDA will refund to MTC a portion of the property tax “increment” generated from these new facilities through the year 2021.

The RDA also initiated the process for creating the Barnard Creek Community Development Project

Area (Barnard Creek CDA)—located at the north end of the existing business park west of I-15. The intent is to incentivize the development of vacant land for commercial uses by creating the opportunity for developers to be reimbursed from “tax increment” for some of their infrastructure costs (roads, utilities, etc.).

#### Reopening of Whitaker Museum

The City’s Whitaker Museum reopened in March 2013 after being closed for several years for major building improvements. The Museum is housed in the Whitaker Home, which is on the National Register of Historic Places. The renovations included demolishing non-historic additions; reconstructing a portion of the Home; making seismic, electrical, plumbing and HVAC improvements; and restoring the interior to a more historic appearance. More than \$250,000 was invested in this project over several years, including \$181,000 in cash (City funds, grants and donations) and another \$75,000 or more in labor from volunteers and City employees.

#### Updating Development Impact Fees

In FY 2013 the City updated its Impact Fee Facilities Plans and Fees for fire services, parks and culinary water. The City also began the process of updating the Facilities Plan and Impact Fee for its drainage system. These four impact fees had not been reviewed and updated since the 1990’s.

#### *Financial Policies*

Financial policy dictates that 5% to 25% 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, 2013 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, using debt when it is to the long term financial advantage to the City and/or is necessary to acquire capital in a timely manner..

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, 2012. This was the fourteenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

### Acknowledgments

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

Respectfully submitted,



Blaine L. Lutz  
Finance Director/Assistant City Manager

**CENTERVILLE CITY CORPORATION  
PRINCIPAL OFFICIALS**

EXECUTIVE BUDGETARY

Steve H. Thacker  
Blaine L. Lutz

City Manager  
Finance Director/Asst. City Manager

STATUTORY APPOINTED OFFICIALS

Marsha Morrow  
Jolene Jackson  
David Miller

Recorder  
Treasurer  
Justice Court Judge

DEPARTMENT HEADS

Neal Worsley  
Randy Randall  
Bruce Cox  
Corvin Snyder

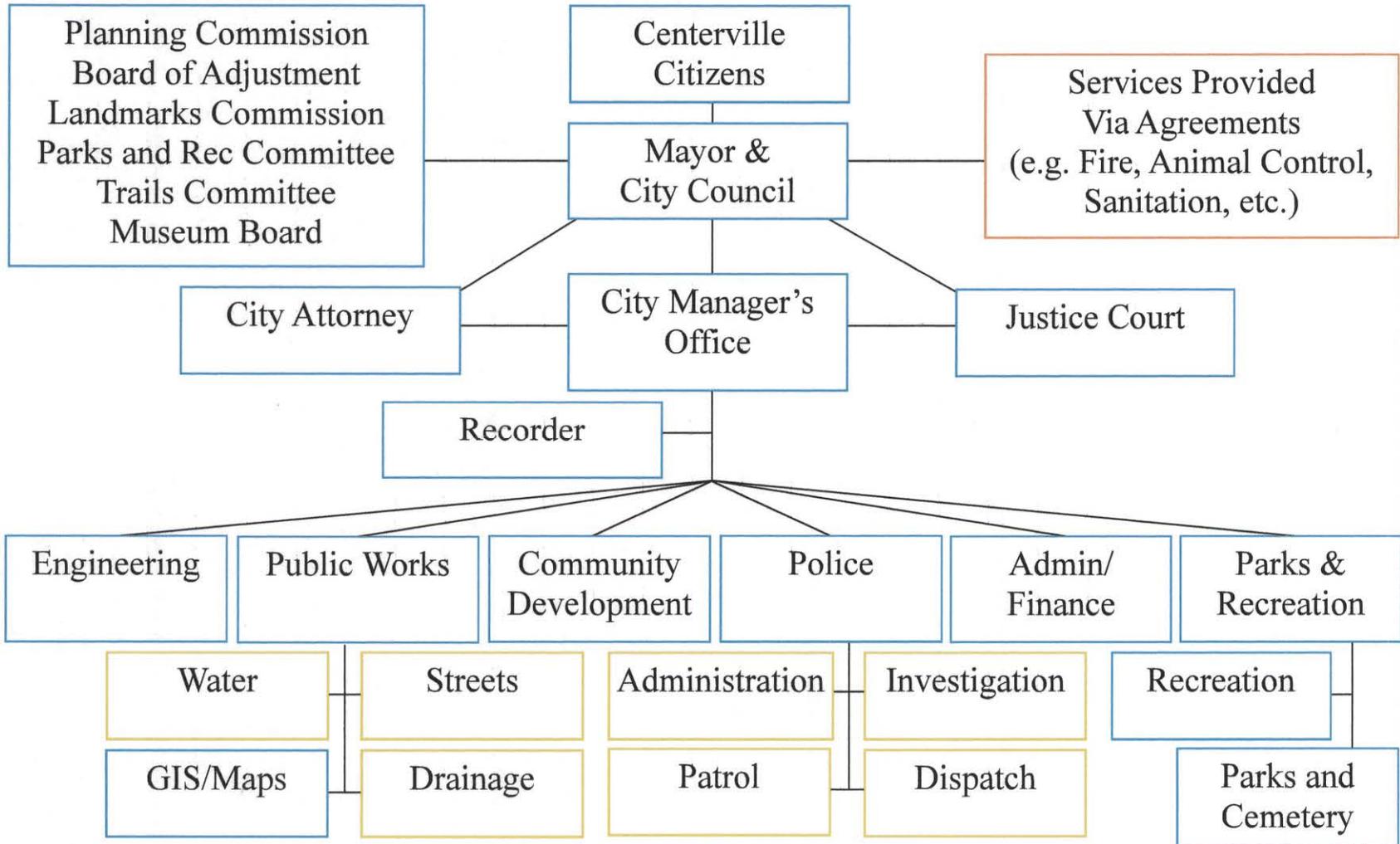
Police Chief  
Public Works Director  
Parks/Recreation Director  
Community Development Director

OTHER CITY OFFICIALS

Paul Child  
Kevin Campbell  
Lisa Romney

Assistant Police Chief  
Engineer  
Attorney

# Centerville City Organizational Chart





Government Finance Officers Association

**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, 2012**

Executive Director/CEO

**FINANCIAL SECTION**

# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation  
CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South  
Bountiful, Utah 84010  
801-296-0200  
Fax 801-296-1218

E. Lynn Hansen, CPA  
Clarke R. Bradshaw, CPA  
Gary E. Malmrose, CPA  
Edwin L. Erickson, CPA  
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Jason L. Tanner, CPA

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

*Members of the  
American Institute  
of Certified Public  
Accountants*

*Members of the  
Private Company  
Practice Section*

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

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, 2013, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes assessing the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *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, 2013, 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.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages 14 through 25 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.

#### *Other Information*

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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013, 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.

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

December 23, 2013

## **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, 2013.

### **Financial Highlights**

The assets of Centerville City exceeded its liabilities at June 30, 2013 by \$40,036,998 (net position). Of this amount, \$35,898,263 is invested in capital assets net of related debt, \$1,376,316 is restricted for debt service or construction. Unrestricted is \$2,762,419.

Centerville's total net position increased \$1,835,053 from the prior year a 4.80% increase. The largest increase in 3 years. There were several significant changes in net position this year. The largest net change is the amount invested in capital assets net of related debt. This amount increased by \$1,909,899, or 5.62%. The majority of this increase was the increase in Governmental Activities, \$1,159,912. Unrestricted position increased by \$1,186,710 or 75.31%.

Centerville's governmental funds reported a combined ending fund balances of \$2,144,426 at June 30, 2013, an increase of \$279,367 or 14.99%. Restricted balances for Debt Service or Construction decreased to \$15,654 from the prior year amount of \$105,067. Of the ending fund balances, \$1,556,947 is available for spending at the City's discretion in the General Fund (unassigned fund balance), a \$400,895 increase from the previous period an increase of 28.81%.

At June 30, 2013, fund balances assigned to funds other than the general fund was \$447,236 an overall \$45,398 decrease. The amount assigned for capital projects accounts for the majority of the balance, an increase of \$49,752.

### **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 position* presents information on all of Centerville City's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position 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 position changed during the most recent year. All changes in net position 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 refutations. 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 debt service 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 as well as the the Centerville City Redevelopment Agency. A budgetary comparison statement has been provided for the general 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 position is an indicator of a government's financial position. In the case of Centerville City, assets exceeded liabilities by \$40,036,998 at June 30, 2013.

The largest portion of the City's net position is \$35,898,263 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 an increase of \$1,835,053, or 4.80%, from the prior period. The increase reflects the City's investment in capital facilities and equipment and decrease in long term liabilities including related debt. 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 increased for governmental activities by \$261,996 or 4.70%.

A significant portion of the remaining of the City's net position \$1,376,316 represents resources that are now subject to external restrictions on how they may be utilized. However this is a decrease of \$1,261,556 or 48%. This decrease was due to the decrease in restricted assets, primarily in Business-Type activities.

### **Centerville City Net Position**

	Governmental Activities 2013	Governmental Activities 2012	Business-Type Activities 2013	Business-Type Activities 2012	Total 2013	Total 2012
Current and other assets	\$5,841,910	\$5,579,914	\$1,501,478	\$2,872,798	\$7,343,388	\$8,452,712
Capital assets	\$32,020,634	\$32,195,617	\$16,099,296	\$14,493,717	\$48,119,930	\$46,689,334
<b>Total assets</b>	<b>\$37,862,544</b>	<b>\$37,775,531</b>	<b>\$17,600,774</b>	<b>\$17,366,515</b>	<b>\$55,463,318</b>	<b>\$55,142,046</b>
Deferred Outflows	\$0		\$22,832		\$22,832	\$0
Long-term liabilities	\$7,680,228	\$9,074,282	\$4,198,854	\$4,519,532	\$11,879,082	\$13,593,814
Other liabilities	\$1,336,357	\$3,287,784	\$59,247	\$58,503	\$1,395,604	\$3,346,287
<b>Total liabilities</b>	<b>\$9,016,585</b>	<b>\$12,362,066</b>	<b>\$4,258,101</b>	<b>\$4,578,035</b>	<b>\$13,274,686</b>	<b>\$16,940,101</b>
Deferred Inflows	\$2,174,466	\$0	\$0	\$0	\$2,174,466	\$0
<b>Net position</b>						
Invested in capital assets, net of related debt	\$25,095,634	\$23,935,722	\$10,802,629	\$10,052,642	\$35,898,263	\$33,988,364
Restricted	\$15,654	\$105,067	\$1,360,662	\$2,532,805	\$1,376,316	\$2,637,872
Unrestricted	\$1,560,205	\$1,372,676	\$1,202,214	\$203,033	\$2,762,419	\$1,575,709
<b>Total net position</b>	<b>\$26,671,493</b>	<b>\$25,413,465</b>	<b>\$13,365,505</b>	<b>\$12,788,480</b>	<b>\$40,036,998</b>	<b>\$38,201,945</b>

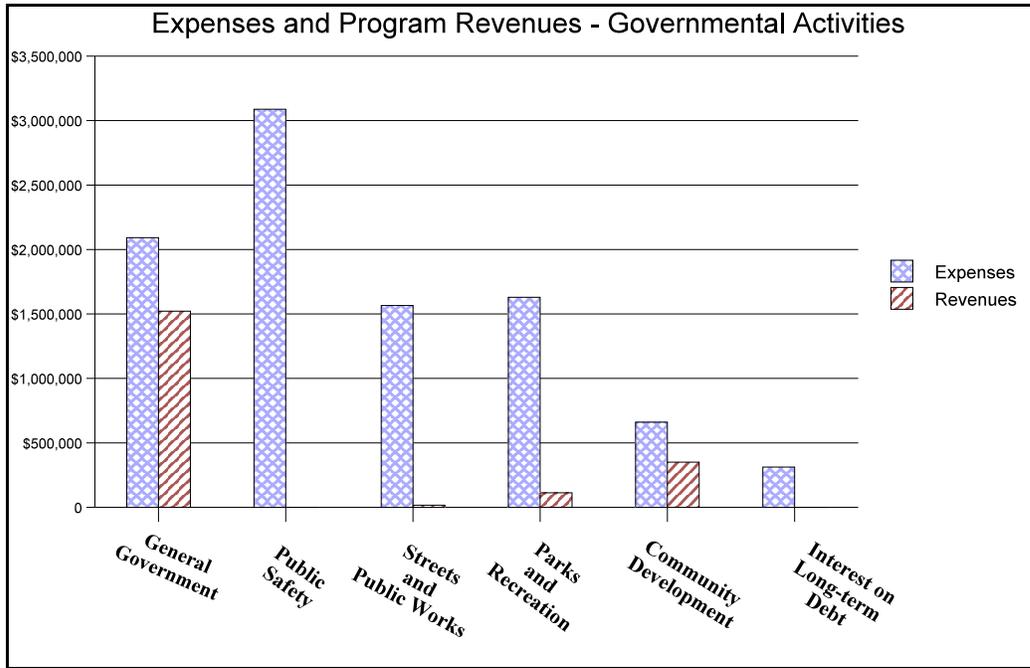
## Centerville City Change in Net Position

	Governmental Activities 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012	Total 2013	Total 2012
<b><u>Revenues</u></b>						
<b><u>Program revenues</u></b>						
Charges for services	\$2,000,854	\$2,223,335	\$4,182,307	\$3,528,537	\$6,183,161	\$5,751,872
Operating grants and contributions	\$0	\$0	\$253,450	\$0	\$253,450	\$0
Capital grants and contributions	\$1,841,179	\$1,170,455	\$0	\$0	\$1,841,179	\$1,170,455
<b><u>General revenue</u></b>						
Property tax and uniform vehicle fees	\$2,529,705	\$2,555,160	\$0	\$0	\$2,529,705	\$2,555,160
Other taxes	\$4,167,000	\$3,999,779	\$0	\$0	\$4,167,000	\$3,999,779
Other	\$66,662	\$216,705	\$24,421	\$5,831	\$91,083	\$222,536
Total revenue	<u>\$10,605,400</u>	<u>\$10,165,434</u>	<u>\$4,460,178</u>	<u>\$3,534,368</u>	<u>\$15,065,578</u>	<u>\$13,699,802</u>
<b><u>Expenses</u></b>						
General government	\$2,091,826	\$2,095,247			\$2,091,826	\$2,095,247
Public Safety	\$3,087,683	\$2,976,846			\$3,087,683	\$2,976,846
Streets and public works	\$1,565,404	\$1,620,465			\$1,565,404	\$1,620,465
Parks and recreation	\$1,629,452	\$1,684,043			\$1,629,452	\$1,684,043
Community development	\$660,840	\$1,124,270			\$660,840	\$1,124,270
Interest on long-term debt	\$312,167	\$370,904			\$312,167	\$370,904
Water			\$2,086,004	\$1,690,109	\$2,086,004	\$1,690,109
Sanitation			\$906,971	\$868,350	\$906,971	\$868,350
Storm drain			\$629,638	\$517,346	\$629,638	\$517,346
Telecom			\$260,540	\$37,747		
Total expenses	<u>\$9,347,372</u>	<u>\$9,871,775</u>	<u>\$3,883,153</u>	<u>\$3,113,552</u>	<u>\$13,230,525</u>	<u>\$12,985,327</u>
Increase in net position before transfers	\$1,258,028	\$293,659	\$577,025	\$420,816	\$1,835,053	\$714,475
Transfers	\$0	\$19,765	\$0	(\$19,765)	\$0	\$0
Increase (decrease) in net position	<u>\$1,258,028</u>	<u>\$313,424</u>	<u>\$577,025</u>	<u>\$401,051</u>	<u>\$1,835,053</u>	<u>\$714,475</u>
Net position, beginning	<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>
Net position, ending	<u>\$26,671,493</u>	<u>\$25,413,465</u>	<u>\$13,365,505</u>	<u>\$12,788,480</u>	<u>\$40,036,998</u>	<u>\$38,201,945</u>

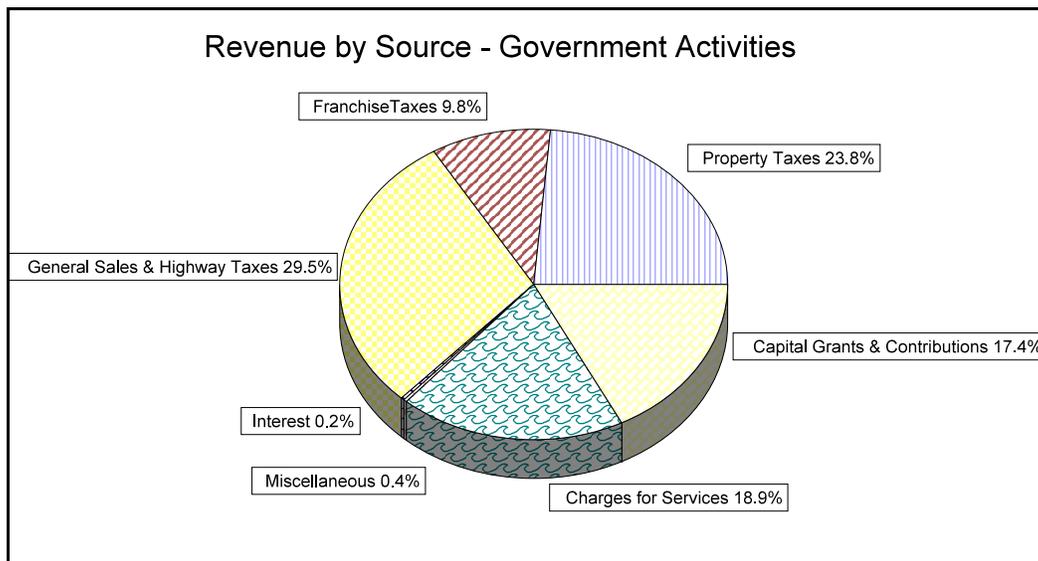
### Governmental Activities

As noted in the table above, governmental activities increased net position by \$1,258,028, or 4.95%. The primary reason for the increase in net position 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.



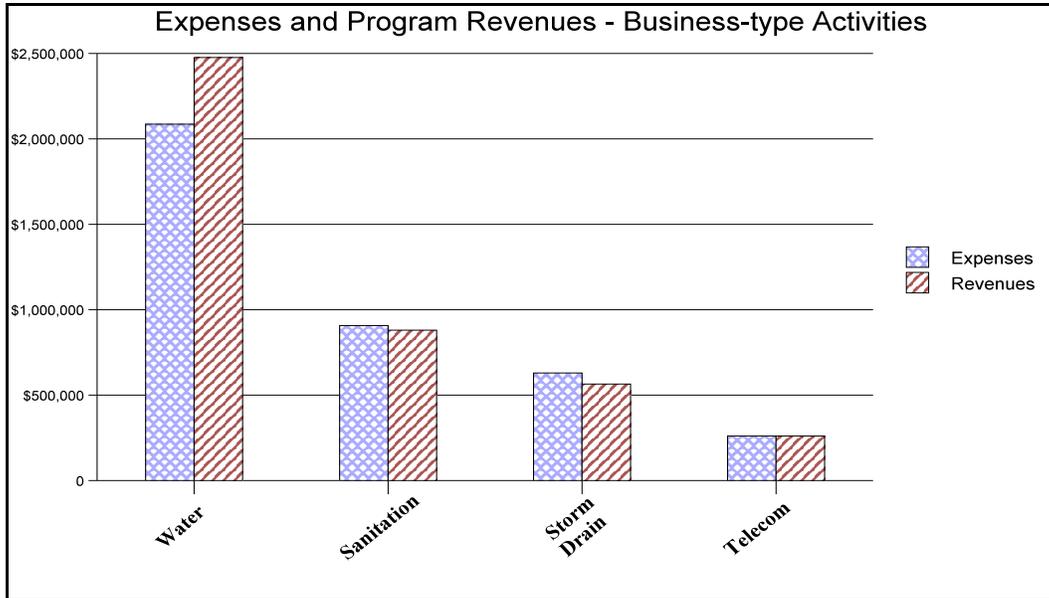
The following chart displays the major sources of governmental activity revenue. Taxes account for 63.10% of revenue that funds governmental activity in the current period.



Business-type activities

As noted in the table “Centerville City Changes in Net Position” business-type activities increased net position of \$577,025.

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 \$299,154. 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.

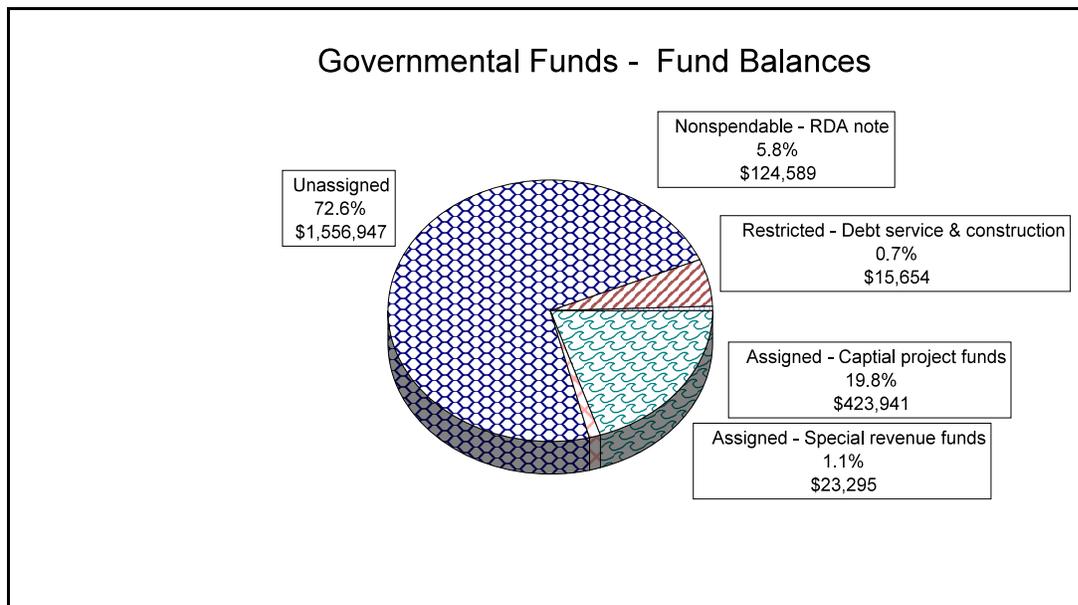
Governmental funds

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, 2013, the City’s governmental funds reported a combined ending fund balance of \$2,144,426 an increase of \$279,367, or 14.98% more than the prior period. The largest increase in balances is

Unassigned. The Unassigned balances increased by 77.39%, a total of \$679,225. All of the Unassigned balances are in the General Fund. Assigned fund balances, that are restricted for a specific purpose, decreases from \$646,809 to \$447,236 prior period, or 30.86%. 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, but are only \$15,654 at June 30, 2013.

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, 2013 unassigned fund balance of the general fund was \$1,556,947 an increase of \$401,895, or 34.76%. The total general fund balance was \$1,681,536. Total fund balance increased by a total of \$290,023 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 18.15% of total general fund expenditures for the next fiscal year and total fund balance is equal to 20.00% of total general fund expenditures for the next fiscal year. The general fund has reserved, or nonspendable, fund balances for RDA note, \$124,589 which was reduced by \$110,872 as the RDA made a principal payment in that amount, and an interest payment on the note during the period.

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 has a \$0 fund balance. This balance was funded by participation by the RDA.

Other Governmental funds had a total decrease in fund balances of \$44,015, or 11.30%. This decrease is due to the change 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 position equaled \$10,339,247 at June 30, 2013. Total net position increased by \$413,023 or 4.16%, primarily from investment in capital assets.

Drainage Utility

Total net position at June 30, 2013 were \$2,977,407. Total net assets increased by \$136,283 or, 4.80%, primarily from investment in capital assets.

Other proprietary

Other non-major proprietary funds, Sanitation and Telecommunications, net position totaled \$48,851 an increase of \$27,719 or 131.17%, at June 30, 2013. These funds are intended to fund operations.

**General fund budgetary highlights**

During the fiscal year the general fund budget expenditures were amended from \$7,754,196 (\$7,379,909 expenditures and \$374,287 transfers out) to \$8,080,362 which included \$7,732,739 expenditures and \$347,623 transfers out. This reflects total increase of \$326,166 or 4.21%. The largest budget change was for street projects, \$222,429. The total budget actual has decreased the last five years. This period actual expenditures were \$7,764,417, \$8,173,276, \$8,257,281, \$8,782,742 respectively.

Total revenues had a negative variance between final amended budget to actual of 1.65%, or \$128,393. The most significant category with a negative variance is taxes, \$209,834 or 3.84%. Sales tax revenues were the most significant category, that had a budget deficiency of \$1,23,836, or 3.79%. This reflects the slow recovery of the local and State economies. Franchise taxes collected on natural gas had a negative variance of \$80,208 or 7.17%. Actual revenue increased from the prior period by \$43,103. This type of revenue is subject to seasonal usage fluctuation. Taxes received from natural gas have been slow to increase with growth as prices have declined. Revenue categories that had variances between the final amended budget and actual; Licenses and Permits a positive \$13,156, 3.75% above budget was a result of permits and charges for development in the City such as building permits. Intergovernmental revenues \$136,133 or 26.98%, as the City received a grant for a portion of a project on a State of Utah roadway. Charges for services \$91,238 or 59.49%, due to development related fees. Fines and Forfeiture ended with a \$11,240 deficit. Fine revenue had been decreasing steadily over the last two years, but had a slight increase this year. Interest revenue was significantly under budget due to decreased cash reserves and low earning rate, and classification of revenues, \$117,207 under, or only 14.13% of budget.

The only one expenditure category had a negative variance from budget to actual was administration which was \$7,025, or 1.76%. All categories combined had a positive variance of \$630,125 8.15%. A large portion of which is due to timing of street projects. Expenditures including transfers, were exceeded by sources of funds by \$492,939. Operating expenditures, not including transfers, decreased from the prior period by \$352,446.

**Capital Assets and Debt Administration**

Centerville City's investment in capital assets for governmental and business-type activities at June 30, 2013 was \$48,119,993 (net of depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, autos and trucks, furniture and fixtures. The City's total investment in capital assets increased by \$1,430,659 or 3.08%.

Governmental activities decreased capital assets (net of depreciation) \$171,983 or .53% , to \$32,020,634 of total assets (net of depreciation). Business type activities increased capital assets (net of depreciation) \$1,605,579 or 11.08% to \$16,099,296.

Major capital asset events during the current year were:

1) Governmental activities increased slightly in non-depreciated assets including by \$36,061 to \$7,591,481. There were slight increases in Buildings and Improvements. Infrastructure had the largest total increase of \$498,285, 7.76%, during the year. Machinery and equipment increased only \$16,549 .26%. Autos and trucks increased \$84,654. 3.70%, but only a net of \$38,854, 1.70%, with the addition of \$84,654 in assets and retiring \$45,800. Total accumulated depreciation increased \$928,414, or 16.44%.

2) Investment of business type activities in water distribution systems and sub-drain systems increased by the amount of \$1,605,579 (after depreciation), 11.08%. Prior to depreciation, Water distribution systems increased by \$287,289, 2.40%; Storm Drain Systems increased by \$243,905, 15.41%. Buildings and Wells, Reservoirs and Sub-drain systems had no change. Machinery and equipment had an increase of \$148,795, 10.63%, and a net increase of \$117,067, 8.36%, with the addition of \$148,795 and the retirement of \$31,728 in assets . Total accumulated depreciation increased by \$438,078, or 7.36%.

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

	Governmental Activities 2013	Governmental Activities 2012	Business-Type Activities 2013	Business-Type Activities 2012	Total 2013	Total 2012
Land	\$7,591,481	\$7,444,402	\$177,122	\$177,122	\$7,768,603	\$7,621,524
Buildings	\$15,920,867	\$16,249,995	\$1,708,179	\$1,757,830	\$17,629,046	\$18,007,825
Improvements other than buildings	\$3,940	\$4,605	\$48,617	\$48,617	\$52,557	\$53,222
Machinery & equipment	\$1,555,513	\$1,726,680	\$353,508	\$276,920	\$1,909,021	\$2,003,600
Distribution & collection systems	\$0	\$0	\$12,439,125	\$12,233,228	\$12,439,125	\$12,233,228
Autos & trucks	\$728,467	\$806,815	\$0	\$0	\$728,467	\$806,815
Infrastructure	\$6,149,061	\$5,780,116	\$0	\$0	\$6,149,061	\$5,780,116
Furniture & fixtures	\$71,305	\$71,986	\$0	\$0	\$71,305	\$71,986
Construction in Process	\$0	\$111,018	\$1,372,745	\$0	\$1,372,745	\$111,018
<b>Total</b>	<b>\$32,020,634</b>	<b>\$32,195,617</b>	<b>\$16,099,296</b>	<b>\$14,493,717</b>	<b>\$48,119,930</b>	<b>\$46,689,334</b>

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

#### Long term debt

On June 30, 2013, the long term outstanding bonds payable of the City was \$10,800,000. None of this amount is considered general obligation debt. This is a decrease from the prior period of \$1,670,000, 13.39%. Governmental activities outstanding debt decreased by \$1,260,000, 15.39% and Business type activities decreased by \$335,000, 7.96% . All of the debt is considered revenue bonds (\$6,925,000 governmental activities and \$3,875,000 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 2013	Governmental Activities 2012	Business-type Activities 2013	Business-type Activities 2012	Total 2013	Total 2012
Compensated Absences	\$438,361	\$457,806	\$85,084	\$78,457	\$523,445	\$536,263
Revenue bonds	\$6,925,000	\$8,260,000	\$3,875,000	\$4,210,000	\$10,800,000	\$12,470,000
<b>Total</b>	<b>\$7,363,361</b>	<b>\$8,717,806</b>	<b>\$3,960,084</b>	<b>\$4,288,457</b>	<b>\$11,323,445</b>	<b>\$13,006,263</b>

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, 2013, the Utah and local economy was continuing to stay strong. Major downturn in the national economy and struggles in the financial markets, have affected the economy in the State of Utah. This has resulted in a considerable impact on the City revenues, in particular sales tax revenues, since 2008. Sales tax receipts have continued to increase since 2010. Sales tax receipts in the general fund still are less than fiscal year 2008. Unemployment continues to decrease to 4.3%, 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 continue a steady recovery in 2013-2014. Housing construction has rebounded somewhat in the State and locally. Commercial construction has an increased in recent months within the City and more anticipated with the construction of a commercial development, particularly in Legacy Crossing at Parrish Lane and Barnard Creek development areas.

2. Sales taxes are the largest single source of revenue for governmental operations of the City. The City experienced a 4.35% increase in sales tax revenue (general fund) from 2012, 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 2013-2014, perhaps 6-8%. The new retail space enhanced the City’s sales tax base. The City has actually faired 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. Additional retail and office space is continuing to develop in this area. to The creation of two Community Development Areas on the west side of the City will assist in future development and revenue sources.

3. No tax increases are included in the fiscal year 2012-2013 budget. A 4% water rate increase was

implemented in the 2013-2014 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. There is also a 5% increase in waste collection fees to keep up with increasing cost of operations.

**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 Position**  
**June 30, 2013**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 764,362	\$ 1,523,180	\$ 2,287,542
Receivables:			
Property and other taxes	2,971,775	-	2,971,775
Accounts	30,409	319,530	349,939
Notes	228,235	-	228,235
Prepays and other	-	42,634	42,634
Internal balances	1,744,528	(1,744,528)	-
Due from other governments	102,601	-	102,601
Restricted cash and cash equivalents	-	1,360,662	1,360,662
Water stock and rights	-	48,617	48,617
Land	7,591,481	177,122	7,768,603
Buildings	18,559,574	2,373,680	20,933,254
Improvements other than buildings	62,283	984,857	1,047,140
Machinery and equipment	2,983,447	1,517,429	4,500,876
Distribution and collection systems	-	15,995,267	15,995,267
Autos and trucks	2,329,562	-	2,329,562
Furniture and fixtures	111,575	-	111,575
Infrastructure	6,918,019	-	6,918,019
Construction in progress	-	1,372,745	1,372,745
Accumulated depreciation	(6,535,307)	(6,370,421)	(12,905,728)
<b>Total assets</b>	<b>37,862,544</b>	<b>17,600,774</b>	<b>55,463,318</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred loss on refunding	-	22,832	22,832
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>22,832</b>	<b>22,832</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	351,195	13,786	364,981
Accrued interest payable	41,574	36,521	78,095
Accrued liabilities	199,807	1,187	200,994
Unearned revenue	1,123	-	1,123
Deposits and bonds held	742,658	7,753	750,411
Non-current liabilities:			
Due within one year	1,598,790	390,686	1,989,476
Due in more than one year	6,081,438	3,808,168	9,889,606
<b>Total liabilities</b>	<b>9,016,585</b>	<b>4,258,101</b>	<b>13,274,686</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred property tax revenue	2,174,466	-	2,174,466
<b>Total deferred inflows of resources</b>	<b>2,174,466</b>	<b>-</b>	<b>2,174,466</b>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	25,095,634	10,802,629	35,898,263
Restricted for			
Debt service and construction	15,654	1,360,662	1,376,316
Unrestricted	1,560,205	1,202,214	2,762,419
<b>Total net position</b>	<b>\$ 26,671,493</b>	<b>\$ 13,365,505</b>	<b>\$ 40,036,998</b>

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

**CENTERVILLE CITY CORPORATION**  
**Statement of Activities**  
**For the Year Ended June 30, 2013**

	Program Revenues			Net (Expense) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b><u>GOVERNMENTAL ACTIVITIES</u></b>							
General government	\$ 2,091,826	\$ 1,521,453	\$ -	\$ -	\$ (570,373)		\$ (570,373)
Public safety	3,087,683	-	-	-	(3,087,683)		(3,087,683)
Streets and public works	1,565,404	16,388	-	589,494	(959,522)		(959,522)
Parks and recreation	1,629,452	112,607	-	-	(1,516,845)		(1,516,845)
Community development	660,840	350,406	-	1,251,685	941,251		941,251
Interest on long-term debt	312,167	-	-	-	(312,167)		(312,167)
Total governmental activities	9,347,372	2,000,854	-	1,841,179	(5,505,339)		(5,505,339)
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>							
Water	2,086,004	2,476,190	-	-		\$ 390,186	390,186
Sanitation	906,971	880,454	-	54,100		27,583	27,583
Storm drain	629,638	564,987	-	199,350		134,699	134,699
Telecom	260,540	260,676	-	-		136	136
Total business-type activities	3,883,153	4,182,307	-	253,450		552,604	552,604
<b><u>GENERAL REVENUES AND TRANSFERS</u></b>							
General Revenues:							
Taxes:							
Property taxes					2,529,705	-	2,529,705
Franchise taxes					1,037,792	-	1,037,792
General sales taxes and highway sales taxes					3,129,208	-	3,129,208
Interest income					22,242	24,421	46,663
Miscellaneous					44,420	-	44,420
Total general revenues and transfers					6,763,367	24,421	6,787,788
Change in net position					1,258,028	577,025	1,835,053
Net position - beginning					25,413,465	12,788,480	38,201,945
Net position - ending					\$ 26,671,493	\$ 13,365,505	\$ 40,036,998

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

**CENTERVILLE CITY CORPORATION**  
**Balance Sheets – Governmental Funds**  
**June 30, 2013**

	General	Special Revenue Redevelopment Agency	Debt Service Arts Center	Other Governmental	Totals Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 234,215	\$ 67,257	\$ -	\$ 462,890	\$ 764,362
Receivables:					
Sales, property and franchise taxes	1,626,704	1,288,885	56,186	-	2,971,775
Accounts	30,409	-	-	-	30,409
Note receivable	-	-	-	228,235	228,235
Class C road funds	102,601	-	-	-	102,601
Due from other funds	1,800,714	-	-	-	1,800,714
Note receivable - interfund	124,589	-	-	-	124,589
Restricted cash and cash equivalents	-	-	-	-	-
Total assets	<u>\$ 3,919,232</u>	<u>\$ 1,356,142</u>	<u>\$ 56,186</u>	<u>\$ 691,125</u>	<u>\$ 6,022,685</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts payable	\$ 351,195	\$ -	\$ -	\$ -	\$ 351,195
Accrued liabilities	199,807	-	-	-	199,807
Deferred revenue - other	1,123	-	-	-	1,123
Due to other funds	-	-	56,186	-	56,186
Deposits/bonds held	742,658	-	-	-	742,658
Note payable - interfund	-	124,589	-	-	124,589
Total liabilities	<u>1,294,783</u>	<u>124,589</u>	<u>56,186</u>	<u>-</u>	<u>1,475,558</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred property tax revenue	942,913	1,231,553	-	-	2,174,466
Deferred revenue - note receivable	-	-	-	228,235	228,235
Total deferred inflows of resources	<u>942,913</u>	<u>1,231,553</u>	<u>-</u>	<u>228,235</u>	<u>2,402,701</u>
<b>FUND BALANCES</b>					
Nonspendable					
RDA note	124,589	-	-	-	124,589
Total nonspendable	<u>124,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,589</u>
Restricted for:					
Debt service and construction	-	-	-	15,654	15,654
Total restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,654</u>	<u>15,654</u>
Assigned to:					
Special revenue funds	-	-	-	23,295	23,295
Capital projects funds	-	-	-	423,941	423,941
Total assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>447,236</u>	<u>447,236</u>
Unassigned	1,556,947	-	-	-	1,556,947
Total fund balances	<u>1,681,536</u>	<u>-</u>	<u>-</u>	<u>462,890</u>	<u>2,144,426</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,919,232</u>	<u>\$ 1,356,142</u>	<u>\$ 56,186</u>	<u>\$ 691,125</u>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					32,020,634
Long-term receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds.					228,235
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.					(7,721,802)
Net position of governmental activities					<u>\$ 26,671,493</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, 2013**

	General	Special Revenue Redevelopment Agency	Debt Service Arts Center	Other Governmental	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 5,248,247	\$ 1,137,461	\$ 310,997	\$ -	\$ 6,696,705
Special assessments	-	-	-	16,388	16,388
Licenses and permits	350,406	-	-	-	350,406
Intergovernmental	640,673	25,391	585,621	-	1,251,685
Charges for services	244,613	-	-	239,687	484,300
Fines and forfeitures	463,760	-	-	-	463,760
Charges for services - other funds	686,000	-	-	-	686,000
Interest	19,293	-	2,076	873	22,242
Miscellaneous	26,061	-	-	18,359	44,420
Total revenues	<u>7,679,053</u>	<u>1,162,852</u>	<u>898,694</u>	<u>275,307</u>	<u>10,015,906</u>
<b>EXPENDITURES</b>					
Current operating:					
General government	1,335,371	14,070	2,500	1,144	1,353,085
Public safety	3,111,317	-	-	-	3,111,317
Streets and public works	1,454,321	-	-	-	1,454,321
Community development	343,833	305,007	-	-	648,840
Parks and recreation	857,772	-	-	194,835	1,052,607
Capital outlay	-	-	-	23,778	23,778
Debt service:					
Principal retirement	-	-	1,260,000	75,000	1,335,000
Interest and fiscal charges	-	14,128	305,388	2,431	321,947
UTOPIA pledge payments	-	-	-	428,410	428,410
Total expenditures	<u>7,102,614</u>	<u>333,205</u>	<u>1,567,888</u>	<u>725,598</u>	<u>9,729,305</u>
Excess (deficiency) of revenues over expenditures	<u>576,439</u>	<u>829,647</u>	<u>(669,194)</u>	<u>(450,291)</u>	<u>286,601</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	66,340	-	640,298	779,842	1,486,480
Sale of capital assets	4,766	-	-	-	4,766
Transfers out	<u>(357,522)</u>	<u>(1,074,618)</u>	<u>-</u>	<u>(66,340)</u>	<u>(1,498,480)</u>
Total other financing sources (uses)	<u>(286,416)</u>	<u>(1,074,618)</u>	<u>640,298</u>	<u>713,502</u>	<u>(7,234)</u>
Net change in fund balance	290,023	(244,971)	(28,896)	263,211	279,367
Fund balance - beginning of year	1,391,513	244,971	28,896	199,679	1,865,059
Fund balance - end of year	<u>\$ 1,681,536</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 462,890</u>	<u>\$ 2,144,426</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, 2013**

Amounts reported for governmental activities in the statement of activities (page 27) are different because:

Net change in fund balances - total governmental funds (page 29) \$ 279,367

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. (168,656)

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. 1,153,644

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (6,327)

Change in net position of governmental activities (page 27) \$ 1,258,028

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, 2013**

	Original Budget	Final Budget	Actual	Variance With Final Budget - Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 5,458,081	\$ 5,458,081	\$ 5,248,247	\$ (209,834)
Licenses and permits	337,250	337,250	350,406	13,156
Intergovernmental	504,540	504,540	640,673	136,133
Charges for services	113,375	153,375	244,613	91,238
Fines and forfeitures	475,000	475,000	463,760	(11,240)
Charges for services - other funds	672,500	709,950	686,000	(23,950)
Interest	136,500	136,500	19,293	(117,207)
Miscellaneous	32,750	32,750	26,061	(6,689)
Total revenues	<u>7,729,996</u>	<u>7,807,446</u>	<u>7,679,053</u>	<u>(128,393)</u>
<b>EXPENDITURES</b>				
Current operating:				
General government:				
Administration	391,019	399,048	406,073	(7,025)
Municipal council	112,203	101,508	70,406	31,102
Finance	481,373	484,830	482,886	1,944
Legal	348,060	378,826	376,006	2,820
Total general government	<u>1,332,655</u>	<u>1,364,212</u>	<u>1,335,371</u>	<u>28,841</u>
Fire	783,477	794,172	794,172	-
Public safety	2,291,719	2,345,613	2,317,145	28,468
Streets and public works	1,648,834	1,871,263	1,454,321	416,942
Community development	400,059	398,926	343,833	55,093
Parks and recreation	923,165	958,553	857,772	100,781
Total expenditures	<u>7,379,909</u>	<u>7,732,739</u>	<u>7,102,614</u>	<u>630,125</u>
Excess (deficiency) of revenues over expenditures	350,087	74,707	576,439	501,732
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	50,000	66,340	16,340
Transfers out	(374,287)	(347,623)	(357,522)	(9,899)
Sale of capital assets	20,000	20,000	4,766	(15,234)
Total other financing sources (uses)	<u>(354,287)</u>	<u>(277,623)</u>	<u>(286,416)</u>	<u>(8,793)</u>
Net change in fund balance	(4,200)	(202,916)	290,023	492,939
Fund balance - beginning of year	1,391,513	1,391,513	1,391,513	-
Fund balance - end of year	<u>\$ 1,387,313</u>	<u>\$ 1,188,597</u>	<u>\$ 1,681,536</u>	<u>\$ 492,939</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, 2013**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget - Positive (Negative)</b>
<b><u>REVENUES</u></b>				
Taxes	\$ 1,555,990	\$ 1,555,990	\$ 1,137,461	\$ (418,529)
Intergovernmental	-	-	25,391	25,391
Total revenues	<u>1,555,990</u>	<u>1,555,990</u>	<u>1,162,852</u>	<u>(393,138)</u>
<b><u>EXPENDITURES</u></b>				
Current operating:				
General government	500	500	14,070	(13,570)
Community development	280,000	295,000	305,007	(10,007)
Debt service:				
Interest and fiscal charges	125,000	125,000	14,128	110,872
Total expenditures	<u>405,500</u>	<u>420,500</u>	<u>333,205</u>	<u>87,295</u>
Excess (deficiency) of revenues over expenditures	<u>1,150,490</u>	<u>1,135,490</u>	<u>829,647</u>	<u>(305,843)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	<u>(955,990)</u>	<u>(955,990)</u>	<u>(1,074,618)</u>	<u>(118,628)</u>
Total other financing sources (uses)	<u>(955,990)</u>	<u>(955,990)</u>	<u>(1,074,618)</u>	<u>(118,628)</u>
Net change in fund balance	194,500	179,500	(244,971)	(424,471)
Fund balance - beginning of year	<u>244,971</u>	<u>244,971</u>	<u>244,971</u>	<u>-</u>
Fund balance - end of year	<u>\$ 439,471</u>	<u>\$ 424,471</u>	<u>\$ -</u>	<u>\$ (424,471)</u>

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

**CENTERVILLE CITY CORPORATION**  
**Statement of Net Position – Proprietary Funds**  
**June 30, 2013**

	Water Fund	Drainage Utility Fund	Other Proprietary Funds	Total Proprietary Funds
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 970,038	\$ 553,142	\$ -	\$ 1,523,180
Receivables:				
Accounts receivable, net	131,971	54,801	102,604	289,376
Unbilled receivables	30,154	-	-	30,154
Prepaid and other	42,634	-	-	42,634
Due from other funds	158,474	144,891	-	303,365
Total current assets	<u>1,333,271</u>	<u>752,834</u>	<u>102,604</u>	<u>2,188,709</u>
Noncurrent assets:				
Other assets:				
Restricted cash	1,360,662	-	-	1,360,662
Total other assets	<u>1,360,662</u>	<u>-</u>	<u>-</u>	<u>1,360,662</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	12,228,527	-	-	12,228,527
Buildings and wells	2,373,680	-	-	2,373,680
Machinery and equipment	806,448	152,338	558,643	1,517,429
Sub-drain system	-	1,940,244	-	1,940,244
Storm drain system	-	1,826,496	-	1,826,496
Construction in Progress	1,372,745	-	-	1,372,745
Accumulated depreciation	(5,363,346)	(561,109)	(445,966)	(6,370,421)
Net property, plant and equipment	<u>12,628,650</u>	<u>3,357,969</u>	<u>112,677</u>	<u>16,099,296</u>
Total noncurrent assets	<u>13,989,312</u>	<u>3,357,969</u>	<u>112,677</u>	<u>17,459,958</u>
Total Assets	<u>15,322,583</u>	<u>4,110,803</u>	<u>215,281</u>	<u>19,648,667</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding	19,282	3,550	-	22,832
Total deferred outflows of resources	<u>19,282</u>	<u>3,550</u>	<u>-</u>	<u>22,832</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	-	13,786	13,786
Accrued interest payable	28,742	7,779	-	36,521
Compensated absences	19,089	-	-	19,089
Due to other funds	1,744,528	158,474	144,891	2,047,893
Bonds payable - current	331,597	40,000	-	371,597
Security deposits	-	-	7,753	7,753
Due to subdividers	1,187	-	-	1,187
Total current liabilities	<u>2,125,143</u>	<u>206,253</u>	<u>166,430</u>	<u>2,497,826</u>
Long-term liabilities:				
Bonds payable	2,811,480	930,693	-	3,742,173
Compensated absences	65,995	-	-	65,995
Total long-term liabilities	<u>2,877,475</u>	<u>930,693</u>	<u>-</u>	<u>3,808,168</u>
Total Liabilities	<u>5,002,618</u>	<u>1,136,946</u>	<u>166,430</u>	<u>6,305,994</u>
<b>NET POSITION</b>				
Net investment in capital assets	8,302,676	2,387,276	112,677	10,802,629
Restricted for debt service and development	1,360,662	-	-	1,360,662
Unrestricted	675,909	590,131	(63,826)	1,202,214
Total Net Position	<u>\$ 10,339,247</u>	<u>\$ 2,977,407</u>	<u>\$ 48,851</u>	<u>\$ 13,365,505</u>

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

**CENTERVILLE CITY CORPORATION**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds**  
**For the Year Ended June 30, 2013**

	Water Fund	Drainage Utility Fund	Other Proprietary Funds	Total Proprietary Funds
<u>OPERATING REVENUES</u>				
Charges for services	\$ 1,778,360	\$ 564,987	\$ 1,134,550	\$ 3,477,897
Connection and servicing	27,844	-	6,320	34,164
Miscellaneous	437,491	-	260	437,751
Total operating revenues	<u>2,243,695</u>	<u>564,987</u>	<u>1,141,130</u>	<u>3,949,812</u>
<u>OPERATING EXPENSES</u>				
Salaries and wages	285,732	46,133	-	331,865
Employee benefits	132,574	26,897	-	159,471
Water purchases	70,930	-	-	70,930
Utility costs	102,286	1,358	-	103,644
Maintenance and supplies	511,946	129,876	162,170	803,992
Tipping fees and contractual services	-	4,428	682,469	686,897
Professional and technical services	45,462	53,297	264,588	363,347
Administration and overhead	416,181	237,381	42,447	696,009
Depreciation	445,833	113,782	15,837	575,452
Total operating expenses	<u>2,010,944</u>	<u>613,152</u>	<u>1,167,511</u>	<u>3,791,607</u>
Operating income (loss)	<u>232,751</u>	<u>(48,165)</u>	<u>(26,381)</u>	<u>158,205</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Development and construction fees	232,495	-	-	232,495
Interest revenue	22,837	1,584	-	24,421
Interest expense	(75,060)	(16,486)	-	(91,546)
Total non-operating revenues (expenses)	<u>180,272</u>	<u>(14,902)</u>	<u>-</u>	<u>165,370</u>
Income before contributions	413,023	(63,067)	(26,381)	323,575
Developer contributions	-	199,350	54,100	253,450
Change in net position	413,023	136,283	27,719	577,025
Total net position, beginning of year	<u>9,926,224</u>	<u>2,841,124</u>	<u>21,132</u>	<u>12,788,480</u>
Total net position, end of year	<u>\$ 10,339,247</u>	<u>\$ 2,977,407</u>	<u>\$ 48,851</u>	<u>\$ 13,365,505</u>

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

**CENTERVILLE CITY CORPORATION**  
**Statement of Cash Flows – Proprietary Funds**  
**June 30, 2013**

	Water Fund	Drainage Utility Fund	Other Proprietary Funds	Total Proprietary
<u>Cash flows from operating activities</u>				
Cash received from customers (including cash deposits)	\$ 2,248,071	\$ 563,514	\$ 1,117,788	\$ 3,929,373
Cash paid to suppliers	(1,148,185)	(426,340)	(1,146,671)	(2,721,196)
Cash paid to employees	(411,679)	(73,030)	-	(484,709)
Net cash provided (used) by operating activities	<u>688,207</u>	<u>64,144</u>	<u>(28,883)</u>	<u>723,468</u>
<u>Cash flows from non-capital financing activities</u>				
Increase (decrease) in amounts due to other funds	619,283	(144,891)	48,888	523,280
Net cash provided (used) by non-capital financing activities	<u>619,283</u>	<u>(144,891)</u>	<u>48,888</u>	<u>523,280</u>
<u>Cash flow from capital and related financing activities</u>				
Bond payments - principal	(313,619)	(36,518)	-	(350,137)
Bond payments - interest	(77,606)	(16,819)	-	(94,425)
Purchase of capital assets	(1,732,734)	(44,555)	(21,995)	(1,799,284)
Impact fees	232,495	-	-	232,495
Net cash provided (used) by capital and related financing activities	<u>(1,882,387)</u>	<u>(97,892)</u>	<u>(21,995)</u>	<u>(2,002,274)</u>
<u>Cash flow from investing activities</u>				
Interest earned on investments	22,837	1,584	-	24,421
Net cash provided by investing activities	<u>22,837</u>	<u>1,584</u>	<u>-</u>	<u>24,421</u>
Net increase (decrease) in cash and cash equivalents	(552,060)	(177,055)	(1,990)	(731,105)
Cash and cash equivalents at beginning of year	2,882,760	730,197	1,990	3,614,947
Cash and cash equivalents at end of year	<u>\$ 2,330,700</u>	<u>\$ 553,142</u>	<u>\$ -</u>	<u>\$ 2,883,842</u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>				
Operating income (loss)	\$ 232,751	\$ (48,165)	\$ (26,381)	158,205
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization expense	445,833	113,782	15,837	575,452
Decrease (increase) in accounts receivable	6,441	(1,473)	(23,342)	(18,374)
Decrease (increase) in prepaid expenses	(2,065)	-	-	(2,065)
Increase (decrease) in accounts payable and accrued liabilities	(1,380)	-	5,003	3,623
Increase (decrease) in compensated absences	6,627	-	-	6,627
Total adjustments	<u>455,456</u>	<u>112,309</u>	<u>(2,502)</u>	<u>565,263</u>
Net cash provided (used) by operating activities	<u>\$ 688,207</u>	<u>\$ 64,144</u>	<u>\$ (28,883)</u>	<u>\$ 723,468</u>

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

**CENTERVILLE CITY CORPORATION**  
**Statement of Net Position – Fiduciary Fund**  
**June 30, 2013**

	<u>Trust Fund</u> <u>Total</u>
<u>ASSETS</u>	
Cash and cash equivalents	<u>\$ 14,854</u>
Total assets	<u>14,854</u>
<u>NET POSITION</u>	
Unrestricted	<u>14,854</u>
Total net position	<u><u>\$ 14,854</u></u>

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

**CENTERVILLE CITY CORPORATION**  
**Statement of Changes in Net Position – Fiduciary Fund**  
**For the Year Ended June 30, 2013**

	<b>Trust Fund Total</b>
<u>ADDITIONS</u>	
Miscellaneous:	
Interest income	\$ 5
Donations	19,333
Rental income	1,190
Transfer in	12,000
Total additions	32,528
<u>DEDUCTIONS</u>	
Administrative	23,245
Total deductions	23,245
Change in net position	9,283
Net position - beginning	5,571
Net position - ending	\$ 14,854

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

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements**  
**June 30, 2013**

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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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 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, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position 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, 2013**

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 Debt Service Fund accounts for the debt service for the bonds relating to 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, 2013**

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, Deferred Outflows and Inflows of Resources and Net Position 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, 2013 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, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position 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, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position 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, 2013**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position or Equity  
(Continued)

Deferred Inflows and Outflows of Resources Deferred inflows and outflows of resources represent acquisitions or consumptions of net position that applies to a future period, and are therefore deferred until that time. Governmental funds report revenue that is unavailable as deferred inflows of resources, such as from property taxes and special assessments. These amounts are deferred and recognized as revenue in the period that the amounts become available. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price.

New Pronouncements The Governmental Accounting Standards Board issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." Although not required to do so, the City has elected to early adopt Statement No. 65 by the Board, "Items Previously Reported as Assets and Liabilities." The implementation of these statements has resulted in changes to the financial statement previously referred to as the Statement of Net Assets, now the Statement of Net Position, and the reclassification of certain asset and liability balances as deferred outflows and inflows and the elimination of previous bond issuance costs.

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	\$ 38,555,941
Accumulated depreciation	<u>(6,535,307)</u>
Total difference	<u>\$ 32,020,634</u>

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2013**

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

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

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2013 were:

Sales tax revenue bonds	\$ 6,925,000
Bond issuance premium	316,867
Interest payable on long-term debt	41,574
Compensated absences	<u>438,361</u>
Total difference	<u><u>\$ 7,721,802</u></u>

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

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

Capital outlay	\$ 170,264
Developer contributions	589,494
Depreciation expense	<u>(928,414)</u>
Net difference, as reported	<u><u>\$ (168,656)</u></u>

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2013**

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

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

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

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

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

State law requires that departments or funds do not exceed the amounts appropriated in the final adopted budget. The City Hall Revenue Bond Debt Service Fund had expenditures in excess of budget of \$556. The Arts Center Debt Service Fund had expenditures in excess of budget of \$50,400.

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2013**

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Tax Revenues

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

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

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

4. DETAILED NOTES FOR ALL FUNDS

Cash and Investments

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

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Council. At times during the year, the City's bank balances may have exceeded insurable limits.

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2013**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Credit Risk

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

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

As of June 30, 2013, the City had investments of \$2,005,149 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk

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

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

Cash and cash equivalents	\$ 2,287,542
Restricted cash and cash equivalents	<u>1,360,662</u>
	<u>\$ 3,648,204</u>

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2013**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Receivables

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

	General	RDA	Water	Drainage Utility	Nonmajor and Other Funds	Total
Receivables:						
Taxes	\$ 1,626,704	\$ 1,288,885	\$ -	\$ -	\$ 56,186	\$ 2,971,775
Accounts and other	30,409	-	186,574	56,801	108,604	382,388
Intergovernmental	102,601	-	-	-	-	102,601
Gross receivables	1,759,714	1,288,885	186,574	56,801	164,790	3,456,764
Less: allowance for uncollectibles	-	-	(24,449)	(2,000)	(6,000)	(32,449)
Net total receivables	<u>\$ 1,759,714</u>	<u>\$ 1,288,885</u>	<u>\$ 162,125</u>	<u>\$ 54,801</u>	<u>\$ 158,790</u>	<u>\$ 3,424,315</u>

Governmental funds report deferred inflows of resources 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 inflows of resources and unearned revenue reported in the government funds were as follows:

	Unavailable	Unearned
Property taxes receivable (General Fund)	\$ 942,913	\$ -
Property taxes receivable (RDA Fund)	1,231,553	-
Various prepayments received (General Fund)	-	1,123
Receivable from nonprofit organization (Arts Center Fund)	228,235	-
Total deferred inflows of resources/unearned revenue for governmental funds	<u>\$ 2,402,701</u>	<u>\$ 1,123</u>

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2013**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	07/01/12	Increases	Decreases	06/30/13
<u>Governmental activities</u>				
Capital assets, not depreciated:				
Land	\$ 7,444,402	\$ 147,079	\$ -	\$ 7,591,481
Construction in progress	111,018	-	(111,018)	-
Total capital assets, not depreciated	<u>7,555,420</u>	<u>147,079</u>	<u>(111,018)</u>	<u>7,591,481</u>
Capital assets, depreciated:				
Buildings	18,435,365	124,209	-	18,559,574
Improvements	62,283	-	-	62,283
Infrastructure	6,419,734	498,285	-	6,918,019
Machinery and equipment	2,966,898	16,549	-	2,983,447
Autos and trucks	2,290,708	84,654	(45,800)	2,329,562
Furniture and fixtures	111,575	-	-	111,575
Total capital assets, depreciated	<u>30,286,563</u>	<u>723,697</u>	<u>(45,800)</u>	<u>30,964,460</u>
Less: accumulated depreciation:				
Buildings	(2,185,370)	(453,337)	-	(2,638,707)
Improvements	(57,678)	(665)	-	(58,343)
Infrastructure	(639,618)	(129,340)	-	(768,958)
Machinery and equipment	(1,240,218)	(187,716)	-	(1,427,934)
Autos and trucks	(1,483,893)	(156,675)	39,473	(1,601,095)
Furniture and fixtures	(39,589)	(681)	-	(40,270)
Total accumulated depreciation	<u>(5,646,366)</u>	<u>(928,414)</u>	<u>39,473</u>	<u>(6,535,307)</u>
Net governmental capital assets	<u>\$32,195,617</u>	<u>\$ (57,638)</u>	<u>\$ (117,345)</u>	<u>\$32,020,634</u>

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2013**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets (Continued)

	<u>07/01/12</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/13</u>
<u>Business-type activities</u>				
Capital assets, not depreciated:				
Water stock and rights	\$ 48,617	\$ -	\$ -	\$ 48,617
Land	177,122	-	-	177,122
Construction in progress	-	1,372,745	-	1,372,745
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, not depreciated	225,739	1,372,745	-	1,598,484
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets, depreciated:				
Reservoirs	984,857	-	-	984,857
Water distribution system	11,941,238	287,289	-	12,228,527
Sub-drain system	1,940,244	-	-	1,940,244
Storm drain system	1,582,591	243,905	-	1,826,496
Buildings and wells	2,373,680	-	-	2,373,680
Machinery and equipment	1,400,362	148,795	(31,728)	1,517,429
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, depreciated	20,222,972	679,989	(31,728)	20,871,233
	<hr/>	<hr/>	<hr/>	<hr/>
Less: accumulated depreciation:				
Reservoirs	(704,228)	(17,008)	-	(721,236)
Water distribution system	(3,130,917)	(237,797)	-	(3,368,714)
Sub-drain system	(232,786)	(38,805)	-	(271,591)
Storm drain system	(147,771)	(31,687)	-	(179,458)
Buildings and wells	(615,850)	(49,651)	-	(665,501)
Machinery and equipment	(1,123,442)	(63,130)	22,651	(1,163,921)
	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated depreciation	(5,954,994)	(438,078)	22,651	(6,370,421)
	<hr/>	<hr/>	<hr/>	<hr/>
Net business-type capital assets	<u>\$14,493,717</u>	<u>\$ 1,614,656</u>	<u>\$ (9,077)</u>	<u>\$16,099,296</u>

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2013**

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		\$ 115,067
Public safety		69,549
Highways and public improvements		166,953
Parks, recreation, and public property		<u>576,845</u>
Total depreciation expense - governmental activities		<u>\$ 928,414</u>
Business-type activities:		
Water		\$ 338,735
Drainage Utility		83,506
Sanitation		<u>15,837</u>
Total depreciation expense - business-type activities		<u>\$ 438,078</u>

Interfund Receivable, Payables and Transfers

At June 30, 2013, 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	\$ 56,186
General	Water	1,744,528
Drainage Utility	Sanitation Fund	135,018
Drainage Utility	Nonmajor proprietary fund	9,873
Water	Drainage Utility	<u>158,474</u>
		<u>\$ 2,104,079</u>

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

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2013**

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, 2013 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
General	Nonmajor Governmental Funds	\$ 345,522
Redevelopment Agency	Nonmajor Governmental Funds	796,288
Redevelopment Agency	Arts Center	278,330
General	Fiduciary Fund	12,000
Nonmajor Governmental Funds	General	<u>66,340</u>
		<u>\$ 1,498,480</u>

Transfers are generally 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.

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2013**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds (Continued)

Revenue bonds outstanding at June 30, 2013 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>
Sales Tax Revenue, Series 2009	11,655,000	\$495,000 to \$1,510,000	3.00% to 4.00%	5/1/2021	6,925,000
Water Series 2012	4,210,000	\$100,000 to \$425,000	2.00% to 4.00%	9/1/2031	3,875,000
	<u>\$ 15,865,000</u>				<u>\$ 10,800,000</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>
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	695,000	144,444	839,444
2019 - 2023	2,705,000	363,525	3,068,525
2024 - 2028	560,000	148,050	708,050
2029 - 2032	525,000	43,300	568,300
	<u>\$ 10,800,000</u>	<u>\$ 1,761,332</u>	<u>\$ 12,561,332</u>

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2013**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

	<u>07/01/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/13</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
MBA lease revenue	\$ 75,000	\$ -	\$ (75,000)	\$ -	\$ -
Sales tax revenue	8,185,000	-	(1,260,000)	6,925,000	1,340,000
Unamortized premium	356,476	-	(39,609)	316,867	39,609
Total bonds payable	8,616,476	-	(1,374,609)	7,241,867	1,379,609
Compensated absences	457,806	199,736	(219,181)	438,361	219,181
Governmental activity long-term liabilities	<u>\$ 9,074,282</u>	<u>\$ 199,736</u>	<u>\$ (1,593,790)</u>	<u>\$ 7,680,228</u>	<u>\$ 1,598,790</u>
<u>Business-type activities</u>					
Bonds payable:					
Revenue bonds	\$ 4,210,000	\$ -	\$ (335,000)	\$ 3,875,000	\$ 355,000
Plus: unamortized premiums	255,366	-	(16,596)	238,770	16,597
Total bonds payable	4,465,366	-	(351,596)	4,113,770	371,597
Compensated absences	78,457	25,716	(19,089)	85,084	19,089
Business-type activity long-term liabilities	<u>\$ 4,543,823</u>	<u>\$ 25,716</u>	<u>\$ (370,685)</u>	<u>\$ 4,198,854</u>	<u>\$ 390,686</u>

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

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2013**

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 \$1,137,461 were generated. The RDA was not required to pay any portion of this revenue to other taxing agencies. There is \$124,589 outstanding debt of the RDA at June 30, 2013 due to the General Fund.

During the year ended June 30, 2013, funds expended by the RDA were limited to the categories of debt service, capital outlay and administration costs. Administrative costs totaled \$116,880, and capital outlay expenditures totaled \$155,948 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, 2013**

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:

	<b>Contribution Rates</b>	
	<b>Tier 1</b>	<b>Tier 2</b>
Local Government Contributory Retirement System	12.03%	12.74%
Local Government Noncontributory Retirement System	16.04%	
Public Safety Retirement System, Noncontributory Division	30.45%	

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

	2013	2012	2011
Local Governmental Contributory Retirement System	\$ 37,470	\$ 23,108	\$ 22,240
Local Governmental Noncontributory Retirement System	264,948	221,536	213,011
Public Safety Retirements System for Employers with Social Security Coverage	236,283	203,387	197,131

Deferred Compensation Plan Under the URS, the City offers its employees a Deferred Compensation Plan (the Plan) in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death, or emergency. The City's contributions to the 457 Deferred Compensation Plan were \$4,882, \$5,978, and \$5,163 for the years ended June 30, 2013, 2012 and 2011, respectively.

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2013**

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 \$46,139, \$42,792, and \$44,789 for the years ended June 30, 2013, 2012 and 2011 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 4.01% 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, 2013.

**CENTERVILLE CITY CORPORATION**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2013**

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, 2012 the net assets deficit was \$132,651,908. The audited financial statements for UTOPIA as of June 30, 2013 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 \$185,000,000 revenue bond. The first two years of bond payments will be made from a debt reserve fund. In December 2011, UTOPIA refinanced the bond. 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, 2013, the City's percentage of the Debt Service Reserve shortfall was 3.33% and totaled \$428,400. Any bonds or debt issued or incurred by UTOPIA will not constitute debt of the City.

The City pledged sales and use tax revenue toward its share of any debt service fund shortfall was 3.33% in January 2013. The City's annual commitment increases 2% each year, and ranges from \$427,697 in Fiscal Year 2013 to \$730,030 in Fiscal Year 2040.

In January 2010, the Trustees of the UTOPIA bond funds notified the City that part of the UTOPIA Debt Service Reserve Fund was used to make required payments to the bondholders. Each month since then the City has received a similar notice. The City understands that these withdrawals will continue for an undetermined period of time and that replenishment payments will continue for the foreseeable future. The City is required to replenish its share of the amount withdrawn from the debt service reserve fund beginning January 2011. Monthly replenishment payments during the year ended June 30, 2013 totaled \$428,410.

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 note receivable of \$698,876 was recorded in the telecom fund during 2012, with an offsetting allowance for doubtful accounts of \$698,876. The balances were increased to \$1,171,828 as of June 30, 2013. 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, 2013**

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, 2013, the payable balance for services fees collected was \$13,786.

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**CENTERVILLE CITY CORPORATION**  
**Combining Balance Sheet – Non-major Governmental Funds**  
**June 30, 2013**

	Special Revenue				Debt Service				
	Municipal Building Authority	Recreation	Arts Center	SID 400 West	City Hall Revenue	SID Guarantee	SID Chase Lane	SID Porter Lane	Land Purchase
<b>ASSETS</b>									
Cash and cash equivalents	\$ 1,207	\$ 22,088	\$ -	\$ 1,598	\$ -	\$ -	\$ 13,472	\$ 584	\$ -
Receivables:									
Note receivable	-	-	228,235	-	-	-	-	-	-
Total assets	<u>\$ 1,207</u>	<u>\$ 22,088</u>	<u>\$ 228,235</u>	<u>\$ 1,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,472</u>	<u>\$ 584</u>	<u>\$ -</u>
<b>LIABILITIES</b>									
Liabilities:									
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>									
Deferred revenue - note receivable	-	-	228,235	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>228,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>									
Restricted for:									
Debt service	-	-	-	1,598	-	-	13,472	584	-
Assigned	1,207	22,088	-	-	-	-	-	-	-
Total fund balances	<u>1,207</u>	<u>22,088</u>	<u>-</u>	<u>1,598</u>	<u>-</u>	<u>-</u>	<u>13,472</u>	<u>584</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,207</u>	<u>\$ 22,088</u>	<u>\$ 228,235</u>	<u>\$ 1,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,472</u>	<u>\$ 584</u>	<u>\$ -</u>

(Continued)

**CENTERVILLE CITY CORPORATION**  
**Combining Balance Sheet – Non-major Governmental Funds (Continued)**  
**June 30, 2013**

	<u>Capital Projects</u>			<b>Total Non-major Governmental Funds</b>
	<b>Storm Drain</b>	<b>UTOPIA</b>	<b>Park Improvements Fund</b>	
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 45,209	\$ 42,296	\$ 336,436	\$ 462,890
Receivables:				
Sales, property, and franchise taxes	-	-	-	228,235
Total assets	<u>\$ 45,209</u>	<u>\$ 42,296</u>	<u>\$ 336,436</u>	<u>\$ 691,125</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Deferred revenue - note receivable	-	-	-	228,235
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,235</u>
Fund Balances:				
Restricted for:				
Debt service	-	-	-	15,654
Assigned	45,209	42,296	336,436	447,236
Total fund balances	<u>45,209</u>	<u>42,296</u>	<u>336,436</u>	<u>462,890</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 45,209</u>	<u>\$ 42,296</u>	<u>\$ 336,436</u>	<u>\$ 691,125</u>

**CENTERVILLE CITY CORPORATION**  
**Combining Statement of Revenue, Expenditures, and Changes in Fund Balances –**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2013**

	Special Revenue				Debt Service				
	Municipal Building Authority	Recreation	Arts Center	SID 400 West	City Hall Revenue	SID Gaurantee	SID Chase Lane	SID Porter Lane	Land Purchase
<b>REVENUES</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	16,238	150	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	-	105,777	-	-	-	-	-	-	-
Interest	-	-	-	4	-	-	27	-	-
Miscellaneous	-	18,359	-	-	-	-	-	-	-
Total revenues	-	124,136	-	4	-	-	16,265	150	-
<b>EXPENDITURES</b>									
Current operating:									
General government	1,144	-	-	-	-	-	-	-	-
Parks and recreation	-	158,646	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Debt service:									
Principal retirement	-	-	-	-	75,000	-	-	-	-
Interest and fiscal charges	-	-	-	-	2,431	-	-	-	-
UTOPIA pledge payment	-	-	-	-	-	-	-	-	-
Total expenditures	1,144	158,646	-	-	77,431	-	-	-	-
Excess (deficiency) of revenues over expenditures	(1,144)	(34,510)	-	4	(77,431)	-	16,265	150	-
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	1,300	30,000	278,330	-	16,835	-	-	-	-
Transfers out	-	-	-	-	-	(3,640)	(7,500)	-	(5,200)
Total other financing sources	1,300	30,000	278,330	-	16,835	(3,640)	(7,500)	-	(5,200)
Net change in fund balance	156	(4,510)	278,330	4	(60,596)	(3,640)	8,765	150	(5,200)
Fund balance - beginning of year	1,051	26,598	(278,330)	1,594	60,596	3,640	4,707	434	5,200
Fund balance - end of year	\$ 1,207	\$ 22,088	\$ -	\$ 1,598	\$ -	\$ -	\$ 13,472	\$ 584	\$ -

(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, 2013**

	<u>Capital Projects</u>			<b>Total Non-major Governmental Funds</b>
	<b>Storm Drain</b>	<b>UTOPIA</b>	<b>Park Improvements Fund</b>	
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	16,388
Intergovernmental	-	-	-	-
Charges for services	9,111	-	124,799	239,687
Interest	87	2	753	873
Miscellaneous	-	-	-	18,359
Total revenues	<u>9,198</u>	<u>2</u>	<u>125,552</u>	<u>275,307</u>
<b><u>EXPENDITURES</u></b>				
Current operating:				
General government	-	-	-	1,144
Parks and recreation	-	-	36,189	194,835
Capital outlay	-	23,778	-	23,778
Debt service:				
Principal retirement	-	-	-	75,000
Interest and fiscal charges	-	-	-	2,431
UTOPIA pledge payment	-	428,410	-	428,410
Total expenditures	<u>-</u>	<u>452,188</u>	<u>36,189</u>	<u>725,598</u>
Excess (deficiency) of revenues over expenditures	9,198	(452,186)	89,363	(450,291)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	-	453,377	-	779,842
Transfers out	-	-	(50,000)	(66,340)
Total other financing sources	<u>-</u>	<u>453,377</u>	<u>(50,000)</u>	<u>713,502</u>
Net change in fund balance	9,198	1,191	39,363	263,211
Fund balance - beginning of year	36,011	41,105	297,073	199,679
Fund balance - end of year	<u>\$ 45,209</u>	<u>\$ 42,296</u>	<u>\$ 336,436</u>	<u>\$ 462,890</u>

**CENTERVILLE CITY CORPORATION**  
**Combining Statement of Net Position –**  
**Non-major Proprietary Funds**  
**For the Year Ended June 30, 2013**

	<u>Sanitation</u>	<u>Telecom</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Current assets:			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables:			
Accounts receivable, net	76,357	26,247	102,604
Total current assets	<u>76,357</u>	<u>26,247</u>	<u>102,604</u>
Noncurrent assets:			
Property, plant and equipment			
Machinery and equipment	558,643	-	558,643
Accumulated depreciation	(445,966)	-	(445,966)
Net property, plant and equipment	<u>112,677</u>	<u>-</u>	<u>112,677</u>
Total noncurrent assets	<u>112,677</u>	<u>-</u>	<u>112,677</u>
Total Assets	<u>189,034</u>	<u>26,247</u>	<u>215,281</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	-	13,786	13,786
Due to other funds	135,018	9,873	144,891
Security deposits	7,753	-	7,753
Total current liabilities	<u>142,771</u>	<u>23,659</u>	<u>166,430</u>
Total Liabilities	<u>142,771</u>	<u>23,659</u>	<u>166,430</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	112,677	-	112,677
Unrestricted	(66,414)	2,588	(63,826)
Total Net Position	<u>\$ 46,263</u>	<u>\$ 2,588</u>	<u>\$ 48,851</u>

**CENTERVILLE CITY CORPORATION**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position –**  
**Non-major Proprietary Funds**  
**For the Year Ended June 30, 2013**

	<u>Sanitation</u>	<u>Telecom</u>	<u>Total</u>
<u>OPERATING REVENUES</u>			
Charges for services	\$ 873,874	\$ 260,676	\$ 1,134,550
Connection and servicing	6,320	-	6,320
Miscellaneous	260	-	260
Total operating revenues	<u>880,454</u>	<u>260,676</u>	<u>1,141,130</u>
<u>OPERATING EXPENSES</u>			
Maintenance and supplies	162,170	-	162,170
Tipping fees and contractual services	682,469	-	682,469
Professional and technical services	4,048	260,540	264,588
Administration and overhead	42,447	-	42,447
Depreciation	15,837	-	15,837
Total operating expenses	<u>906,971</u>	<u>260,540</u>	<u>1,167,511</u>
Operating income (loss)	<u>(26,517)</u>	<u>136</u>	<u>(26,381)</u>
Developer contributions	54,100	-	54,100
Change in net position	27,583	136	27,719
Total net position, beginning of year	18,680	2,452	21,132
Total net position, end of year	<u>\$ 46,263</u>	<u>\$ 2,588</u>	<u>\$ 48,851</u>

**CENTERVILLE CITY CORPORATION**  
**Combining Statement of Cash Flows –**  
**Non-major Proprietary Funds**  
**For the Year Ended June 30, 2013**

	<u>Sanitation</u>	<u>Telecom</u>	<u>Total</u>
<u>Cash flows from operating activities</u>			
Cash received from customers (including cash deposits)	\$ 874,114	\$ 243,674	\$ 1,117,788
Cash paid to suppliers	(891,134)	(255,537)	(1,146,671)
Net cash provided (used) by operating activities	<u>(17,020)</u>	<u>(11,863)</u>	<u>(28,883)</u>
<u>Cash flows from non-capital financing activities</u>			
Increase (decrease) in amounts due to other funds	39,015	9,873	48,888
Net cash provided (used) by non-capital financing activities	<u>39,015</u>	<u>9,873</u>	<u>48,888</u>
<u>Cash flow from capital and related financing activities</u>			
Purchase of capital assets	(21,995)	-	(21,995)
Net cash provided (used) by capital and related financing activities	<u>(21,995)</u>	<u>-</u>	<u>(21,995)</u>
Net increase (decrease) in cash and cash equivalents	-	(1,990)	(1,990)
Cash and cash equivalents at beginning of year	-	1,990	1,990
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Reconciliation of operating income to net cash provided by operating activities</u>			
Operating income (loss)	\$ (26,517)	\$ 136	\$ (26,381)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	15,837	-	15,837
Decrease (increase) in accounts receivable	(6,340)	(17,002)	(23,342)
Increase (decrease) in accounts payable and accrued liabilities	-	5,003	5,003
Total adjustments	<u>9,497</u>	<u>(11,999)</u>	<u>(2,502)</u>
Net cash provided (used) by operating activities	<u>\$ (17,020)</u>	<u>\$ (11,863)</u>	<u>\$ (28,883)</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, 2013**

	<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	1,144	156
Total expenditures	1,300	1,300	1,144	156
Excess of revenues over expenditures	(1,300)	(1,300)	(1,144)	156
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,300	1,300	1,300	-
Net change in fund balance	-	-	156	156
Fund balance at beginning of year	1,051	1,051	1,051	-
Fund balance at end of year	<u>\$ 1,051</u>	<u>\$ 1,051</u>	<u>\$ 1,207</u>	<u>\$ 156</u>

**CENTERVILLE CITY CORPORATION**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual**  
**Recreation Fund**  
**For the Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Recreation fees	\$ 112,000	\$ 112,000	\$ 105,777	\$ (6,223)
Field use agreement	-	-	4,167	4,167
Concession sales	30,000	30,000	14,192	(15,808)
	<u>142,000</u>	<u>142,000</u>	<u>124,136</u>	<u>(17,864)</u>
<u>EXPENDITURES</u>				
Salaries and wages	82,800	82,800	68,655	14,145
Employee benefits	12,030	12,030	10,898	1,132
Materials, supplies and other	50,400	50,400	62,783	(12,383)
Youth baseball/softball	29,000	29,000	16,310	12,690
	<u>174,230</u>	<u>174,230</u>	<u>158,646</u>	<u>15,584</u>
Excess (deficiency) of revenues over (under) expenditures	(32,230)	(32,230)	(34,510)	(2,280)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	30,000	30,000	30,000	-
Net change in fund balance	(2,230)	(2,230)	(4,510)	(2,280)
Fund balance, beginning of year	26,598	26,598	26,598	-
Fund balance, end of year	<u>\$ 24,368</u>	<u>\$ 24,368</u>	<u>\$ 22,088</u>	<u>\$ (2,280)</u>

**CENTERVILLE CITY CORPORATION**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual**  
**Arts Center Fund**  
**For the Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Interest	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total revenues	-	-	-	-
<u>EXPENDITURES</u>				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
<u>OTHER FINANCING SOURCES</u>				
Transfers in	-	-	278,330	278,330
Total other financing sources	-	-	278,330	278,330
Net change in fund balance	-	-	278,330	278,330
Fund balance - beginning of year	(278,330)	(278,330)	(278,330)	-
Fund balance - end of year	<u>\$ (278,330)</u>	<u>\$ (278,330)</u>	<u>\$ -</u>	<u>\$ 278,330</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Special assessment	\$ -	\$ -	\$ -	\$ -
Interest	-	-	4	4
Total revenues	-	-	4	4
Expenditures	-	-	-	-
Net change in fund balance	-	-	4	4
Fund balance at beginning of year	1,594	1,594	1,594	-
Fund balance at end of year	<u>\$ 1,594</u>	<u>\$ 1,594</u>	<u>\$ 1,598</u>	<u>\$ 4</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<u>EXPENDITURES</u>				
Principal retirement	75,000	75,000	75,000	-
Interest and fiscal charges	1,875	1,875	2,431	(556)
Total expenditures	76,875	76,875	77,431	(556)
Excess (deficiency) of revenues over (under) expenditures	(76,875)	(76,875)	(77,431)	(556)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	16,835	16,835
Net change in fund balance	(76,875)	(76,875)	(60,596)	16,279
Fund balance at beginning of year	60,596	60,596	60,596	-
Fund balance at end of year	<u>\$ (16,279)</u>	<u>\$ (16,279)</u>	<u>\$ -</u>	<u>\$ 16,279</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, 2013**

	<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	-	-	-	-
Other financing sources (uses)				
Transfers out	-	(3,640)	(3,640)	-
Fund balance at beginning of year	3,640	3,640	3,640	-
Fund balance at end of year	<u>\$ 3,640</u>	<u>\$ -</u>	<u>\$ -</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Special assessment	\$ 10,078	\$ (10,078)	\$ 16,238	\$ 26,316
Interest	-	-	27	27
Total revenues	<u>10,078</u>	<u>(10,078)</u>	<u>16,265</u>	<u>26,343</u>
<u>EXPENDITURES</u>				
Principal retirement	8,291	8,291	-	8,291
Interest and fiscal charges	-	1,787	-	1,787
Total expenditures	<u>8,291</u>	<u>10,078</u>	<u>-</u>	<u>10,078</u>
Net change in fund balance	1,787	(20,156)	16,265	16,265
Other financing sources				
Transfers out	-	-	(7,500)	(7,500)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	1,787	(20,156)	8,765	8,765
Fund balance at beginning of year	<u>4,707</u>	<u>4,707</u>	<u>4,707</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,494</u>	<u>\$ (15,449)</u>	<u>\$ 13,472</u>	<u>\$ 8,765</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Special assessment	\$ -	\$ -	\$ 150	\$ 150
Expenditures	-	-	-	-
Net change in fund balance	-	-	150	-
Fund balance at beginning of year	434	434	434	-
Fund balance at end of year	<u>\$ 434</u>	<u>\$ 434</u>	<u>\$ 584</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, 2013**

	<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	-	-	-	-
Other financing sources (uses)				
Transfers out	-	(5,200)	(5,200)	-
Fund balance at beginning of year	-	5,200	5,200	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CENTERVILLE CITY CORPORATION**  
**Schedule of Revenue, Expenditures, and Changes in Fund Balances – Budget to Actual**  
**Arts Center Debt Service Fund**  
**For the Year Ended June 30, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget - Positive (Negative)</u>
<u>REVENUES</u>				
Taxes	\$ 327,500	\$ 327,500	\$ 310,997	\$ (16,503)
Intergovernmental	522,179	522,179	585,621	63,442
Interest	1,100	1,100	2,076	976
Total revenues	<u>850,779</u>	<u>850,779</u>	<u>898,694</u>	<u>47,915</u>
<u>EXPENDITURES</u>				
General government	2,500	2,500	2,500	-
Debt service:				
Principal retirement	1,260,000	1,260,000	1,260,000	-
Interest and fiscal charges	254,988	254,988	305,388	(50,400)
Total expenditures	<u>1,517,488</u>	<u>1,517,488</u>	<u>1,567,888</u>	<u>(50,400)</u>
Excess (deficiency) of revenues over (under) expenditures	(666,709)	(666,709)	(669,194)	(2,485)
<u>OTHER FINANCING SOURCES</u>				
Transfers in	666,709	666,709	640,298	(26,411)
Net change in fund balance	-	-	(28,896)	-
Fund balance at beginning of year	28,896	28,896	28,896	-
Fund balance at end of year	<u>\$ 28,896</u>	<u>\$ 28,896</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, 2013**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance With Final Budget - Positive (Negative)</b>
<u>REVENUES</u>				
Developer fees	\$ 42,000	\$ 95,000	\$ 124,799	\$ 29,799
Interest	-	-	753	753
Total revenues	<u>42,000</u>	<u>95,000</u>	<u>125,552</u>	<u>30,552</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>202,962</u>	<u>202,962</u>	<u>36,189</u>	<u>166,773</u>
Total expenditures	<u>202,962</u>	<u>202,962</u>	<u>36,189</u>	<u>166,773</u>
Excess (deficiency) of revenues over (under) expenditures	(160,962)	(107,962)	89,363	197,325
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	-	(50,000)	(50,000)	-
Net change in fund balance	(160,962)	(157,962)	39,363	39,363
Fund balance at beginning of year	<u>297,073</u>	<u>297,073</u>	<u>297,073</u>	<u>-</u>
Fund balance at end of year	<u>\$ 136,111</u>	<u>\$ 139,111</u>	<u>\$ 336,436</u>	<u>\$ 197,325</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, 2013**

	<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	\$ 8,320	\$ (1,680)
Contributions and grants	-	-	791	791
Interest on investments	75	75	87	12
Total revenues	<u>10,075</u>	<u>10,075</u>	<u>9,198</u>	<u>(877)</u>
<u>EXPENDITURES</u>				
Capital outlay	<u>37,869</u>	<u>37,869</u>	<u>-</u>	<u>37,869</u>
Total expenditures	<u>37,869</u>	<u>37,869</u>	<u>-</u>	<u>37,869</u>
Excess (deficiency) of revenues over (under) expenditures	(27,794)	(27,794)	9,198	36,992
Fund balance at beginning of year	<u>36,011</u>	<u>36,011</u>	<u>36,011</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,217</u>	<u>\$ 8,217</u>	<u>\$ 45,209</u>	<u>\$ 36,992</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, 2013**

	<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	\$ 2	\$ (498)
Total revenues	<u>500</u>	<u>500</u>	<u>2</u>	<u>(498)</u>
<u>EXPENDITURES</u>				
Capital outlay	427,597	500,997	23,778	477,219
Debt Service - UTOPIA Pledge Payment	-	-	428,410	(428,410)
Total expenditures	<u>427,597</u>	<u>500,997</u>	<u>452,188</u>	<u>48,809</u>
Excess of revenues over expenditures	(427,097)	(500,497)	(452,186)	48,311
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer in	379,977	453,377	453,377	-
Net change in fund balance	(47,120)	(47,120)	1,191	48,311
Fund balance at beginning of year	41,105	41,105	41,105	-
Fund balance at end of year	<u>\$ (6,015)</u>	<u>\$ (6,015)</u>	<u>\$ 42,296</u>	<u>\$ 48,311</u>

## Statistical Section

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	84
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the City's most significant local revenue sources.	89
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	99
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	101
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	103

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 Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental Activities</b>										
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	\$25,095,634
Restricted	\$58,474	\$0	\$0	\$211,742	\$209,375	\$13,476,070	\$6,014,400	\$314,049	\$105,067	\$15,654
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	\$1,560,205
Total governmental activities net assets	\$10,724,698	\$14,654,724	\$15,938,172	\$18,818,675	\$20,319,745	\$22,059,120	\$23,770,332	\$25,100,041	\$25,413,465	\$26,671,493
<b>Business-type Activities</b>										
Invested in capital assets, net of related debt	\$6,995,904	\$7,437,421	\$8,198,814	\$9,396,800	\$10,164,608	\$11,001,715	\$11,361,031	\$11,644,848	\$10,052,642	\$10,802,629
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	\$1,360,662
Unrestricted	(\$156,336)	\$94,741	(\$90,161)	(\$542,570)	(\$75,167)	(\$172,501)	(\$327,570)	(\$364,138)	\$203,033	\$1,202,214
Total business-type activities net assets	\$8,340,892	\$9,068,033	\$9,712,536	\$10,531,238	\$11,155,927	\$11,915,291	\$12,124,641	\$12,387,429	\$12,788,480	\$13,365,505
<b>Primary Government</b>										
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	\$35,898,263
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	\$1,376,316
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	\$2,762,419
Total primary government net assets	\$19,065,590	\$23,722,757	\$25,650,708	\$29,349,913	\$31,475,672	\$33,974,411	\$35,894,973	\$37,487,470	\$38,201,945	\$40,036,998

## Centerville City Corporation

### Change in Net Assets Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
<u>Governmental Activities</u>										
General government	\$1,225,184	\$1,210,438	\$1,344,814	\$1,294,987	\$1,448,978	\$1,209,582	\$1,529,197	\$1,741,872	\$2,095,247	\$2,091,826
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	\$3,087,683
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	\$1,565,404
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	\$1,629,452
Community development	\$292,154	\$322,135	\$396,376	\$765,077	\$756,662	\$1,026,745	\$642,469	\$927,596	\$1,124,270	\$660,840
Interest on long-term debt	\$358,568	\$161,735	\$153,444	\$161,453	\$85,852	\$152,369	\$493,361	\$450,822	\$370,904	\$312,167
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	\$9,347,372
<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	\$2,086,004
Sanitation	\$657,062	\$622,042	\$623,259	\$637,035	\$649,850	\$655,091	\$818,314	\$881,683	\$868,350	\$906,971
Storm drain	\$320,222	\$452,361	\$348,444	\$463,475	\$475,445	\$382,484	\$483,127	\$575,251	\$517,346	\$629,638
Telecom	-	-	-	-	-	-	-	-	\$37,747	\$260,540
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	\$3,883,153
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	\$13,230,525
<b>Program Revenues</b>										
<u>Governmental activities</u>										
Charges for services										
General government	\$620,063	\$607,734	\$673,186	\$1,282,437	\$1,270,564	\$1,447,637	\$1,182,108	\$1,478,655	\$1,549,029	\$1,521,453
Streets and public works	\$78,798	\$127,773	\$17,211	\$290,260	\$52,887	\$8,009	\$10,551	\$7,186	\$12,993	\$16,388
Parks and recreation	\$168,502	\$238,975	\$194,926	\$108,473	\$220,092	\$115,714	\$96,152	\$114,825	\$112,501	\$112,607
Community development	\$324,721	\$443,083	\$570,739	\$477,875	\$500,852	\$283,527	\$242,284	\$338,196	\$548,812	\$350,406
Operating grants and contributions	\$23,566	\$42,682	\$115,683	\$243,090	\$89,310	\$32,287	\$0	\$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	\$1,841,179
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	\$3,842,033
<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	\$2,476,190
Sanitation	\$717,913	\$691,892	\$688,237	\$641,393	\$611,679	\$623,054	\$758,206	\$796,831	\$821,464	\$880,454
Storm drain	\$480,816	\$492,807	\$553,441	\$507,974	\$579,744	\$542,718	\$591,537	\$549,545	\$555,681	\$564,987
Telecom	-	-	-	-	-	-	-	-	\$40,199	\$260,676
Operating grants and contributions	\$0	\$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	\$253,450
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	\$4,435,757
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	\$8,277,790
<b>Net (expense) revenue</b>										
Government activities	(\$5,012,620)	(\$2,168,585)	(\$3,973,093)	(\$5,206,510)	(\$5,455,067)	(\$4,444,511)	(\$4,880,790)	(\$5,654,605)	(\$6,477,985)	(\$5,505,339)
Business-type activities	(\$859,553)	\$1,114,619	\$1,001,393	\$756,279	\$584,360	\$181,672	\$365,860	\$301,009	\$414,985	\$552,604
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)	(\$4,952,735)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental activities</b>										
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	\$2,529,705
Franchise, telecommunication, & energy sales taxes	\$700,001	\$809,720	\$901,116	\$869,898	\$933,916	\$964,201	\$966,412	\$970,297	\$994,689	\$1,037,792
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	\$3,129,208
Gain on Sale of Capital Assets	\$0	\$0	\$0	\$1,590,238	\$12,370	(\$20,408)	\$3,131	\$0	\$0	\$0
Other	\$771,953	\$290,599	\$371,281	\$495,343	\$385,430	\$291,996	\$329,497	\$706,511	\$216,705	\$66,662
Transfers	\$433,696	\$441,798	\$449,065	\$50,086	\$49,215	(\$549,751)	\$174,187	\$53,332	\$19,765	\$0
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	\$6,763,367
<b>Business-type activities</b>										
Other	\$20,039	\$54,320	\$92,175	\$112,509	\$89,544	\$27,941	\$17,677	\$15,111	\$5,831	\$24,421
Transfers	(\$433,696)	(\$441,798)	(\$449,065)	(\$50,086)	(\$49,215)	\$549,751	(\$174,187)	(\$53,332)	(\$19,765)	\$0
Total business-type activities	(\$413,657)	(\$387,478)	(\$356,890)	\$62,423	\$40,329	\$577,692	(\$156,510)	(\$38,221)	(\$13,934)	\$24,421
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	\$6,787,788
<b>Change in Net Assets</b>										
Governmental activities	\$1,208,318	\$3,930,026	\$2,856,814	\$2,880,503	\$1,501,070	\$1,739,375	\$1,711,212	\$1,329,709	\$313,424	\$1,258,028
Business-type activities	(\$1,273,210)	\$727,141	\$644,503	\$818,702	\$624,689	\$759,364	\$209,350	\$262,788	\$401,051	\$577,025
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	\$1,835,053

# Centerville City Corporation

## Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
Taxes	\$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	\$6,696,705
Special Assessments	\$13,536	\$7,630	\$3,129	\$13,020	\$3,707	\$8,009	\$10,551	\$7,186	\$12,993	\$16,388
Licenses & Permits	\$216,432	\$350,931	\$446,572	\$424,347	\$504,672	\$283,527	\$242,284	\$338,196	\$548,812	\$350,406
Intergovernmental	\$607,233	\$426,605	\$569,187	\$835,592	\$599,296	\$1,773,027	\$1,176,903	\$1,202,285	\$1,170,455	\$1,251,685
Charges for Services	\$473,622	\$547,574	\$472,336	\$719,931	\$510,426	\$529,684	\$381,139	\$389,770	\$589,965	\$484,300
Charges for Services - Other Funds	-	-	-	\$503,905	\$509,898	\$503,900	\$503,900	\$709,085	\$611,000	\$686,000
Fines & Forfeitures	\$489,947	\$511,430	\$534,025	\$557,842	\$575,692	\$573,747	\$576,948	\$494,625	\$460,565	\$463,760
Interest	\$314,814	\$172,109	\$241,381	\$338,479	\$283,791	\$129,251	\$121,520	\$52,788	\$30,319	\$22,242
Miscellaneous	\$196,797	\$121,490	\$132,900	\$168,714	\$119,139	\$162,745	\$207,977	\$375,393	\$236,481	\$44,420
<b>Total Revenues</b>	<b>\$6,800,184</b>	<b>\$6,974,900</b>	<b>\$7,847,964</b>	<b>\$9,020,674</b>	<b>\$9,105,757</b>	<b>\$9,995,246</b>	<b>\$9,306,409</b>	<b>\$9,793,799</b>	<b>\$10,215,529</b>	<b>\$10,015,906</b>
<b>Expenditures</b>										
General Government	\$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	\$1,353,085
Public Safety	\$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	\$3,111,317
Street & Public Works	\$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	\$1,454,321
Community Development	\$292,154	\$342,089	\$393,524	\$822,225	\$812,208	\$1,172,949	\$598,034	\$912,744	\$1,063,826	\$648,840
Parks & Recreation	\$870,751	\$852,385	\$959,585	\$3,182,537	\$2,059,249	\$1,281,932	\$1,040,316	\$1,050,792	\$1,107,049	\$1,052,607
Capital Outlay	\$118,670	\$452,487	\$691,711	\$141,150	\$264,746	\$1,210,577	\$7,744,284	\$6,046,231	\$276,967	\$23,778
Debt Service										
Principal retirement	\$274,000	\$214,000	\$159,000	\$172,598	\$278,028	\$288,154	\$1,418,953	\$1,474,093	\$1,385,000	\$1,335,000
Interest & fiscal charges	\$362,307	\$164,650	\$156,286	\$136,698	\$98,936	\$88,997	\$492,486	\$452,226	\$382,716	\$321,947
Contractual Payments (UTOPIA)							\$183,727	\$278,368	\$449,346	\$428,410
<b>Total Expenditures</b>	<b>\$6,474,100</b>	<b>\$7,132,823</b>	<b>\$7,314,520</b>	<b>\$10,512,640</b>	<b>\$9,479,491</b>	<b>\$10,075,513</b>	<b>\$17,503,798</b>	<b>\$16,460,574</b>	<b>\$10,647,003</b>	<b>\$9,729,305</b>
Excess (deficiency) of Revenues Over Expenditures	\$326,084	(\$157,923)	\$533,444	(\$1,491,966)	(\$373,734)	(\$80,267)	(\$8,197,389)	(\$6,666,775)	(\$431,474)	\$286,601
<b>Other Financing Sources (uses)</b>										
Transfers in	\$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	\$1,486,480
Transfers out	(\$360,081)	(\$994,108)	(\$358,648)	(\$2,976,977)	(\$986,039)	(\$3,312,388)	(\$2,392,049)	(\$1,364,223)	(\$1,323,329)	(\$1,498,480)
Sale of capital assets	\$263,342	-	-	\$1,630,773	\$19,282	\$28,631	\$9,326	\$12,178	\$39,694	\$4,766
Bond Proceeds	-	-	-	\$416,000	\$0	\$12,130,303	\$0	\$0	\$0	\$0
<b>Total Other Sources</b>	<b>\$694,038</b>	<b>\$438,798</b>	<b>\$446,065</b>	<b>\$2,085,009</b>	<b>\$50,997</b>	<b>\$11,585,683</b>	<b>(\$479,727)</b>	<b>\$53,510</b>	<b>\$1,859</b>	<b>(\$7,234)</b>
<b>Net Change in Fund Balance</b>	<b>\$1,020,122</b>	<b>\$280,875</b>	<b>\$979,509</b>	<b>\$593,043</b>	<b>(\$322,737)</b>	<b>\$11,505,416</b>	<b>(\$8,677,116)</b>	<b>(\$6,613,265)</b>	<b>(\$429,615)</b>	<b>\$279,367</b>
<b>Fund Balance Beginning of Year</b>	<b>\$3,528,827</b>	<b>\$4,548,949</b>	<b>\$4,829,824</b>	<b>\$5,809,333</b>	<b>\$6,402,376</b>	<b>\$6,079,639</b>	<b>\$17,585,055</b>	<b>\$8,907,939</b>	<b>\$2,294,674</b>	<b>\$1,865,059</b>
<b>Fund Balance End of Year</b>	<b>\$4,548,949</b>	<b>\$4,829,824</b>	<b>\$5,809,333</b>	<b>\$6,402,376</b>	<b>\$6,079,639</b>	<b>\$17,585,055</b>	<b>\$8,907,939</b>	<b>\$2,294,674</b>	<b>\$1,865,059</b>	<b>\$2,144,426</b>
Debt service as a percentage of non-capital expenditures	10.01%	5.67%	4.76%	2.98%	4.09%	4.25%	21.03%	19.95%	17.24%	17.07%

# Centerville City Corporation

## Fund Balances of Governmental Funds Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General Fund</b>										
Nonspendable	-	-	-	-	-	-	-	-	\$235,461	\$124,589
Restricted	\$1,698,031	\$1,612,930	\$2,152,006	\$1,036,621	\$1,007,024	\$919,203	\$642,385	\$450,214	-	-
Unassigned	\$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	\$1,556,947
<b>Total general fund</b>	<b>\$3,477,897</b>	<b>\$2,710,248</b>	<b>\$3,718,648</b>	<b>\$2,619,297</b>	<b>\$2,548,207</b>	<b>\$2,131,132</b>	<b>\$1,984,122</b>	<b>\$1,552,626</b>	<b>\$1,391,513</b>	<b>\$1,681,536</b>
<b>All other Governmental Funds</b>										
Restricted	\$1,478,402	\$1,478,404	\$1,474,063	\$820,031	\$817,664	\$14,084,359	\$5,810,749	\$203,893	\$105,067	\$15,654
Assigned reported in:										
Special revenue funds	(\$4,857)	\$54	(\$8,688)	(\$10,118)	\$22,581	\$46,802	\$46,964	\$56,221	\$27,649	\$23,295
Capital project funds	\$208,801	\$814,264	\$357,469	\$1,897,370	\$1,357,209	\$563,971	\$104,755	\$100,242	\$374,189	\$423,941
Redevelopment Agency Fund	(\$611,294)	(\$173,146)	\$267,841	\$1,075,796	\$1,333,978	\$758,791	\$961,349	\$553,564	\$244,971	\$0
Unassigned reported in:										
Special Revenue								(\$171,872)	(\$278,330)	-
<b>Total all other governmental funds</b>	<b>\$1,071,052</b>	<b>\$2,119,576</b>	<b>\$2,090,685</b>	<b>\$3,783,079</b>	<b>\$3,531,432</b>	<b>\$15,453,923</b>	<b>\$6,923,817</b>	<b>\$742,048</b>	<b>\$473,546</b>	<b>\$462,890</b>

## Centerville City Corporation

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

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Fiscal Year	Property & Uniform Vehicle Taxes	Sales & Use Taxes	Highway Taxes	Franchise, Telecommunication & Energy Taxes	Special Assessments	Total Tax Revenue
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
2013	\$2,529,705	\$3,129,208	\$478,990	\$1,037,792	\$16,388	\$7,192,083

# Centerville City Corporation

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

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<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>	<u>Mass Transit</u>	<u>Total</u>
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%
2013	1.10%	0.25%	4.65%	0.50%	6.50%

Source: Utah State Tax Commission

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# 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
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%
2012	\$940,518	\$1,452,866	64.74%

### Tax year 2012

	Residential	Commercial	Other	Total
Real Estate Assessed Value	\$202,416,699	\$99,574,860	\$17,793,805	\$319,785,364
Buildings	\$426,501,566	\$118,753,806	\$3,928	\$545,259,300
Personal Property	\$277,133	\$42,647,326	\$0	\$42,924,459
Centrally Assessed	-	-	-	\$32,549,306
<b>Total</b>	<b>\$629,195,398</b>	<b>\$260,975,992</b>	<b>\$17,797,733</b>	<b>\$940,518,429</b>

Source: Utah State Tax Commission

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 .001141%  
 The rate applied by all governmental entities is 1.3582%

## Centerville City Corporation

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

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<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>	<u>Total Collections as Percent of Levy</u>
2003	\$814,784	\$779,167	95.63%	\$35,459	\$814,626	99.98%
2004	\$820,731	\$779,287	94.66%	\$25,969	\$804,916	98.07%
2005	\$821,858	\$780,025	94.91%	\$34,390	\$814,415	99.09%
2006	\$849,703	\$815,006	95.92%	\$31,756	\$846,762	99.65%
2007	\$892,461	\$842,662	94.42%	\$33,812	\$876,474	98.21%
2008	\$907,846	\$837,435	92.24%	\$35,892	\$873,327	96.20%
2009	\$921,737	\$874,583	94.88%	\$47,779	\$922,362	100.07%
2010	\$946,840	\$906,992	95.79%	\$38,623	\$945,615	99.87%
2011	\$972,804	\$909,269	93.47%	\$33,508	\$942,777	96.91%
2012	\$994,821	\$944,660	94.96%	\$40,674	\$985,334	99.05%

Source: Utah State Tax Commission

## Centerville City Corporation

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

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<u>Tax Year</u>	<u>Centerville City</u>	<u>Davis County</u>	<u>Davis School District</u>	<u>Special Taxing Districts</u>	<u>Total Levy</u>
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%
2012	0.1141%	0.2331%	0.8710%	0.1400%	1.3582%

Source: Utah State Tax Commission

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# Centerville City Corporation

## Principal Taxpayers Current Year and 10 years Ago

Taxpayer	Rank	Type of Business	Tax Year 2012 (current)	
			Taxable Value	Percentage of Total Taxable Value
Pacificorp	1	Electric Utility	\$20,253,669	2.15%
Walmart	2	Retail	\$18,489,057	1.97%
Legacy Crossing	3	Commercial Real Estate	\$17,254,883	1.83%
Dayton West LLC	4	Commercial Real Estate	\$14,875,382	1.58%
Target	5	Retail	\$10,553,182	1.12%
Centerville Marketplace LLC	6	Retail	\$9,180,000	0.98%
HD Development	7	Retail	\$7,816,182	0.83%
SDCKP LLC	8	Retail	\$6,648,054	0.69%
JGNK Investments LLC	9	Commercial Investments	\$6,350,000	0.68%
Syro Steel	10	Manufacturing	\$5,590,151	0.59%
Megaplex at Legacy Crossing	11	Entertainment	\$5,068,053	0.54%
Hogan & Associates	12	Construction	\$4,482,629	0.48%
Dick's Market	13	Grocery	\$4,330,995	0.46%
		Total	\$130,892,237	13.90%

Taxpayer	Rank	Type of Business	Tax Year 2002	
			Taxable Value	Percentage of Total Taxable Value
Dayton Hudson Corporation (Target)	1	Retail	\$14,534,606	2.43%
Home Depot	2	Retail	\$9,669,169	1.62%
Dayton West, LLC	3	Commercial Real Estate	\$6,800,000	1.14%
Pacificorp	4	Electrical Utility	\$6,550,998	1.09%
Albertson's	5	Grocery	\$5,453,510	0.91%
Syro Steel	6	Manufacturing	\$4,135,072	0.69%
Hale Industries	7	Commercial	\$3,028,326	0.58%
Management & Training Corp	8	Corporate	\$2,917,274	0.49%
Hale Industries	9	Retail	\$2,831,420	0.47%
America First Credit Union	10	Financial	\$2,808,606	0.45%
Air Products and Chemical	11	Manufacturing/Distribution	\$2,672,233	0.41%
DIKA Properties	12	Commercial Real Estate	\$2,429,800	0.39%
Land Rover of Centerville	13	Vehicle Sales	\$2,340,191	0.38%
		Total	\$66,171,205	11.05%

Source: Davis County Clerk/Auditors Office

# Centerville City Corporation

## Property Value and Construction Last Ten Calendar Years

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<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>
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
2012	15	\$3,085,747	139	\$22,988,889	\$26,074,636	\$1,102,631,539

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			
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	\$12,130,303	\$208,000				\$3,154,000	\$16,147,303	3.29%	\$1,058
2010	\$470,000	\$10,970,694	\$104,000				\$2,949,000	\$14,493,694	2.86%	\$945
2011	\$275,000	\$9,766,085	\$0				\$2,731,000	\$12,772,085	2.45%	\$827
2012	\$75,000	\$8,541,476					\$4,465,366	\$13,081,842	2.31%	\$807
2013	\$0	\$7,241,867					\$4,113,770	\$11,355,637	0.18%	\$701

# Centerville City Corporation

## Direct and Overlapping Governmental Activities Debt June 30, 2013

Governmental Unit	Outstanding Debt	Estimated Percentage Applicable (1)	Estimated Share of Overlapping
<b>Debt repaid with property taxes</b>			
Davis County	\$20,555,240	5.10%	\$1,048,317
Davis School District	\$419,175,000	5.10%	\$21,377,925
Weber Basin Water Conservancy	\$26,749,999	2.27%	\$607,225
State of Utah	\$3,225,435,000	0.55%	\$17,855,847
South Davis Recreation District	\$14,185,000	15.77%	\$2,236,975
<b>Other Debt - Davis County</b>			
Sales tax revenue bonds	\$38,846,199	11.23%	\$4,362,428
MBA lease revenue bonds	\$21,371,941	5.10%	\$1,089,969
<b>Total Overlapping Debt</b>	<u>\$3,766,318,379</u>		<u>\$48,578,686</u>
<b>Direct Debt - Centerville City</b>			
Sales Tax Revenue Bonds	<u>\$7,241,867</u>	100.00%	<u>\$7,241,867</u>
<b>Total Direct and Overlapping Debt</b>	<u>\$3,773,560,246</u>		<u>\$55,820,553</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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt Limit	\$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	\$37,623,137
Total net applicable debt	\$12,000	\$8,000	\$4,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Legal debt margin	\$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	\$37,623,137
Total net debt applicable to limit as a percentage of debt limit	<u>0.06%</u>	<u>0.04%</u>	<u>0.02%</u>	<u>0.00%</u>						

### Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value	\$940,578,429
Debt Limit (4% of assessed value)	\$37,623,137
Less Applicable Debt	<u>\$0</u>
Legal Debt Margin	<u>\$37,623,137</u>

# Centerville City Corporation

## Sales Tax Bond Coverage Last Four Years

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### Sales Tax Revenue Bonds series 2009

<u>Fiscal Year</u>	<u>Sales &amp; Use Tax Revenue</u>	<u>Principal</u>	<u>Interest &amp; 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
2013	\$3,129,208	\$1,260,000	\$254,988	\$1,514,988	2.07

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

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# Centerville City Corporation

## Revenue Bond Coverage Last Ten Fiscal Years

### Water Revenue Bonds

<u>Fiscal Year</u>	<u>Gross Revenue</u>	<u>Operating Transfers</u>	<u>Expenses net of Depreciation</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
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
2013	\$2,600,263	\$0	(\$2,064,481)	\$535,782	\$313,619	\$77,606	\$391,225	1.37

(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

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Calendar Year	Population (1)	Per Capita Income (2)	Personal Income	Unemployment Rate (3)	Median Age (4)	Average Size of Household (4)
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
2012	16,203	\$37,124	\$601,520,172	4.30%	31.7	3.21

(1) Years 2002-2009, 2000 United States Census Report and estimates average growth; 2010, 2010 Census and 2011, 2012 State of Utah

(2) U.S. Department of Commerce.

(3) Utah Department of Workforce Services

(4) United States Census Reports, years 2001-2009, 2000 report; 2010 year 2010-2012.

# 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
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

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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	3.75	3.75	3.75	3.75	3.75	3.75	2.75	2.5	2.5
Total General Government	10	10.25	10.25	10.25	10.25	10.25	10.25	9.25	9	9
Police	25	25	25	25	25	25	25	25	25	25
Community Development	3	3	4	4	4	4	3	3	3	3
Public Works										
Administration	2.5	3	4	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	13.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5	14.5
Parks & Recreation										
Parks	7	7.5	8.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Recreation	6.5	6.75	6.25	6.5	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	0.5
Building Maintenance	0.5	0.5	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Total Parks & Recreation	14	15.25	16	17.25	17.25	17.25	17.25	17.25	17.25	17.25
Total Primary Government	65	67	69.75	71	71	71	70	69	68.75	68.75

Sources: Centerville City Payroll.

# Centerville City Corporation

## General Fund Expenditures by Function Last Ten Fiscal Years

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<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Community Development</u>	<u>Parks &amp; Recreation</u>	<u>Total</u>
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
2013	\$1,335,371	\$3,111,317	\$1,454,321	\$343,833	\$857,772	\$7,102,614

# Centerville City Corporation

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

Function	2007	2008	2009	2010	2011	2012
<b>Community Development</b>						
Single Dwelling permits	43	14	7	10	32	40
Double Dwelling permits	8	48	24	8	22	40
Multi-family Dwelling permits	24	24	0	0	3	1
Commercial permits	26	20	15	7	23	15
Demolition permits	12	7	6	2	0	2
Occupancy permits						
Residential	84	79	42	27	57	91
Commercial	31	23	17	19	23	15
Permit process time	7 days	7 days	7 days	7 days	5 days	5 days
<b>Parks, Recreation and Trails</b>						
Developed Acreage	88	88	88	88	88	88
Undeveloped Acreage	35	35	35	35	35	35
Youth in Recreation Programs	2,970	2,658	2,732	2,446	2,510	2,374
<b>Police Services</b>						
Expenditures per officer	\$103,968	\$113,688	\$119,140	\$119,140	\$125,047	\$136,302
Average response time (minutes)	3.5 to 4	1.23 to 6.52	.80 to 2.93	3.32	3.63	3.45
Police reports per officer	201	135	143	124	130	138
<b>Water</b>						
Gallons billed	449,896,786	476,933,000	492,084,000	530,025,000	5,318,442	5,250,000
Residential connections	3,995	4,041	4,093	4,110	4,114	4,211
Other connections	452	459	461	463	465	467
<b>Taxes</b>						
Taxable sales per capita (local option)	\$20,747	\$21,761	\$19,856	\$20,954	\$22,136	\$22,930
Sales tax revenue per capita (local option)	\$194.27	\$210.63	\$188.22	\$178.22	\$193.51	\$197.30
Indexed to State average (less resort cities)	103.00%	115.10%	111.37%	109.34%	N/A	N/A
Property tax revenue per capita (non RDA)	\$56.68	\$57.99	\$57.36	\$62.45	\$60.35	\$60.82
Indexed to State average (less resort cities)	80.20%	78.36%	59.13%	63.72%	N/A	N/A
Franchise tax per capita	\$57.58	\$61.51	\$63.19	\$63.02	\$64.05	\$64.05
Indexed to State average (less resort cities)	163.16%	384.44%	210.63%	233.41%	N/A	N/A
Total tax revenue per capita	\$308.53	\$330.13	\$308.77	\$303.69	\$317.91	\$323.91
Indexed to State average (less resort cities)	104.80%	120.93%	104.31%	105.45%	N/A	N/A
General Fund revenues per capita	\$456	\$426	\$428	\$485	\$483.03	\$473.93
General Fund expenditures per capita	\$407	\$444	\$446	\$493	\$490.52	\$438.36
Capital improvement expenditures per capita	\$123	\$72	\$101	\$394	\$391.60	\$112.52

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Population Estimate(1)	14,885	14,960	15,035	15,110	15,185	15,260	15,335	15,440	15,530	16,203
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	58	59	59	61	62	62	64	64	64
Number of Street Lights	706	710	717	729	733	715	715	725	728	733
Public Works Office, Maintenance, Storage	2	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	17	17	17	17	17	17	17
Municipal Water										
Number of Customers	4,257	4,273	4,366	4,401	4,499	4,523	4,541	4,589	4,624	4,699
Miles of Water Mains	68	69	70	71	72	72	72	74	77.29	77.71
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	3,983	4,024	4,127	4,152
Number of recycling customers	n/a	n/a	n/a	n/a	n/a	n/a	3,272	3,416	3,546	3,582
Number of green waste customers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	905	1,066	1,075
Building Permits Issued (new construction, includes remodel)	90	58	114	115	115	55	46	98	80	96
Parks & Recreation										
Office, Maintenance, Storage Buildings	1	1	1	1	1	1	1	1	1	1
Developed Parks	4	5	5	7	7	7	7	7	7	7
Undeveloped Parks and Trails	3	2	2	0	5	5	5	5	5	5
Pavillions	5	5	5	7	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, 2013**

# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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American Institute  
of Certified Public  
Accountants*

*Members of the  
Private Company  
Practice Section*

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

### INDEPENDENT AUDITORS' REPORT

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

We have audited, 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 23, 2013.

#### *Internal Control Over Financial Reporting*

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***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*.

***Purpose of this Report***

The purposes of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

December 23, 2013

# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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*Members of the  
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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE

### INDEPENDENT AUDITORS' REPORT

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

#### *Compliance*

We have audited the Centerville City Corporation, Utah's ("the City") compliance with the general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2013.

#### C Road Funds (Department of Transportation)

The general compliance requirements applicable to the City are identified as follows:

Cash Management	Transfers from Utility Enterprise Funds
Budgetary Compliance	Locally Generated Taxes and Fees
Fund Balance	Government Records Access
Justice Courts	Management Act
Impact Fees	Conflicts of Interest
Utah Retirement Systems Compliance	Open and Public Meetings Act

The City received the following major assistance programs from the State of Utah:

#### C Road Funds (Department of Transportation)

#### *Management's Responsibility*

Compliance with the requirements referred to above is the responsibility of the City's management.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards and the *State of Utah Legal Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the City and its major programs 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 of the City's compliance with those requirements.

### ***Opinion***

In our opinion, the City complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2013.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in the accompanying Schedule of Findings.

### ***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Management's Responses to Findings***

Management's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. Management's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

***Purpose of This Report***

The purposes of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

December 23, 2013

**CENTERVILLE CITY CORPORATION**  
**Schedule of Findings**  
**For the Year Ended June 30, 2013**

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, 2013, expenditures exceeded budgeted amounts in the following funds or departments:

<u>Fund</u>	<u>Department</u>	<u>Amount Over Budget</u>
City Hall Revenue Bond Debt Service Fund	Total expenditures	\$556
Arts Center Debt Service Fund	Total expenditures	50,400

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: City Hall Revenue Bond Debt Service Fund – The final payment on this bond was made during this fiscal year. Some minor additional expenditures were incurred in this fund that were not anticipated as part of the closing of the account. Staff will monitor such transactions in the future.

Arts Center Debt Service Fund – To be able to bring this fund in to balance, which should be \$0, staff made an expenditure adjustment to this fund that was not adjusted for in the budget. Staff will monitor such transactions in the future and provide adjustment recommendations to the budget.