

**CENTERVILLE CITY CORPORATION  
CENTERVILLE, UTAH**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**For The Year Ended June 30, 2017**

**Together With Independent Auditor's Report**

**Centerville City Corporation  
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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*

Paul A. Cutler

*City Council*

Tamilyn Fillmore

William Ince

Stephanie Ivie

George McEwan

Robyn Mecham

*City Manager*

Steve H. Thacker

November 1, 2017

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, 2017.

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 consist of the 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 of 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 an 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 framework of internal controls is designed to provide reasonable rather than absolute assurance 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 Hinton Burdick, 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, 2017, are free of material misstatements. The independent audit involved examination, on a test basis, of evidence 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, 2017 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. The City celebrated its centennial of incorporation in 2015.

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 matured primarily into a suburban community with diverse housing types. In recent decades, significant commercial development has occurred with retail, office and entertainment.

### **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 a 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 is 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 Heritage Museum (Whitaker). The City owns a Performing Arts Center that is leased to a private non-profit arts organization (CenterPoint Legacy Theater). Major services provided under the Enterprise Fund include culinary water, storm drainage and sanitation that includes solid waste collection, recycling, and green-waste. Solid waste, recycling and green waste collection is provided through the City by a private contractor. Solid waste disposal is provided by a special district, Wasatch Integrated Waste. The City established a Telecommunications Enterprise Fund to deliver ultra-high band width telecommunications through a fiber-to-the premise network. Centerville has contracted with Utah Infrastructure Agency (UIA) by inter-local agreement, to construct and operate the fiber optic network via the UTOPIA network. Fire services are provided by a special district, South Davis Metro Fire Service Area, with funding coming from ambulance fees, property taxes and assessments from municipalities within the district. Centerville City is also within the South Davis Recreation District that operates the South Davis Recreation Center located in Bountiful, Utah. The City contracts with Davis County for police dispatch and animal control services and also contracts for court prosecutor and public defender services. Engineering services are provided via contract with ESI Engineering.

## *Economic Factors and Conditions*

Most of the land available for residential growth has already been developed. The City has had minimal single family residential growth in recent years. Single family dwellings is limited to small areas of vacant land and “in-fill” construction. In response to the housing market there has been an increase in multi-family units, especially in areas that are conveniently located to transit. In the last decade the City has experienced significant growth in the commercial areas including office, retail and entertainment.

Local option sales tax is the main source of tax revenue for general services. After years of steady growth in sales tax, the recession beginning in 2007 caused several years of decreasing revenues. Sales tax revenues have increased since 2010, recovering to levels above 2008 revenues. Sales tax revenues have continued to grow compared to the same time period(s) in the prior year. Centerville local retail services continue to have increasing sales that provide needed revenue to the City. The upward trend continues and revenues are anticipated to increase through 2017-2018 locally and State-wide. Other revenue sources such as property tax have been stable, but with little increase. However, in 2017 the City Council approved a 40% increase in the City’s property tax levy effective in Fiscal year 2018.

In 2015 voters approved a County-wide .25% increase in sales tax to be used for transportation projects, including roads, trails, etc. The cities within the County will receive an amount equal to .10% of taxable sales. In addition, the State of Utah authorized an increase in the tax levied on gasoline sales—beginning in 2016—that benefits the City with increased revenue for street maintenance and replacement. With these two new sources of revenue, the City will be able to



better address the extensive need for road repair and replacement. Voters also approved the renewal of the RAP (Recreation, Arts & Parks) Tax effective April 1, 2016. This .10% levied on taxable sales is being used for new parks, replacement of aging park facilities, and improvement/maintenance of the City's Museum and Performing Arts Center.

As stated, the City's commercial areas have continued to grow. One primary area of growth is the City's west side. This area has the potential of significant commercial development, including retail, office and light manufacturing. Through the RDA, the City supported the creation of two Community Development Areas (CDA). The first one facilitated the development of the Legacy Crossing at Parrish Lane commercial project. This development includes entertainment, offices and multi-family housing, with the possibility of retail and restaurants in the future. The RDA also created a second CDA on the west side, the Barnard Creek CDA. This area will accommodate light industrial, office and manufacturing. Construction in this area has begun with several new businesses already open.

### **Major Initiatives**

In fiscal year 2017 the City's ability to maintain public works infrastructure and fund park improvements benefited from successful initiatives in fiscal year 2016 that increased funding for these purposes. The City also began 1) a comprehensive effort to assess and repair sidewalk hazards and 2) an analysis of how to create more burial spaces.

### **Transportation Funding & Projects**

State legislation and voter approval at the ballot box significantly increased funding for transportation purposes beginning in fiscal year 2016. As mentioned above, in 2015 the State Legislature approved an adjustment to the State gasoline tax, becoming effective in 2016. This adjustment has increased gasoline tax revenues for cities throughout the State by an estimated 17 percent. The 2015 State Legislature also approved a bill authorizing counties to place on the ballot a new sales tax (1/4<sup>th</sup> of one percent) to be used for transportation purposes. Davis County voters approved this ballot measure in November 2015; the new tax became effective April 1, 2016. This new revenue is shared between the County, cities within the County, and Utah Transportation Authority (UTA). Between the enhanced gasoline tax and new transportation sales tax, Centerville City receives an additional \$400,000 per year for streets maintenance and other transportation purposes. This allowed funding for the annual streets maintenance contract work to increase from about \$700,000 per year to \$1.1 million per year.

In addition, in 2017, in conjunction with the adoption of the fiscal year 2018 Budget, the City Council approved a 40% increase in the City's certified property tax rate. Most of this new revenue will be used for street maintenance, increasing total annual funding for streets maintenance contract work to \$1.4 million in fiscal year 2018.

In fiscal year 2017 several streets were overlaid and many streets were crack sealed or slurry sealed. However, a significant portion of the funding budgeted for streets maintenance was not spent with the intent of being reappropriated in fiscal year 2018 for resurfacing the Frontage Road.

## **Water System Planning & Funding**

In fiscal year 2016 City staff prepared a long-term plan projecting the need to replace water mains within the City's roadways over the next 40 years. Most of the water mains to be replaced in the first 10 years are older cast-iron pipes that are coming to the end of their expected life. Staff coordinated these water main replacements with street repaving/reconstruction plans so that, as much as practical, cast iron pipes will be replaced at the same time as the street work is done, thereby reducing overall project costs as well as the road damage caused by pipe breaks.

Funding this water main replacement plan requires a significant increase in water user rates. The City Council opted to implement the increase in three annual 10-percent steps, beginning in July 2016. The first big project funded with this new money was the replacement of water mains on Main Street in 2017, prior to UDOT's pavement overlay project in 2018.

In fiscal year 2017 a new water main was installed under I-15 and the railroad tracks to service future industrial development anticipated in the area north of the existing Business Park. This project was funded with revenue remaining from the 2012 bond issue.

## **Drainage System Projects**

In 2015—based on an update of the Drainage System Master Plan--the City Council approved an unusual 112% increase in both the monthly storm drain user fee and monthly subsurface drain user fee. This new revenue is funding \$6 million in capital projects over a ten-year period on a pay-as-you-go basis—mostly to replace failing drainage pipes. The first projects in this ambitious long-term plan were completed in fiscal year 2016—the replacement of several storm drain and subdrain pipes. In fiscal year 2017 this fee increase funded storm drain improvements at nine locations under the Frontage Road.

## **Funding for Parks Improvements and Maintenance**

The City's ability to fund park improvements and maintain/replace existing park infrastructure has been limited in recent years due to inadequate funding. However, in 2015 Centerville voters approved the extension of the RAP Tax (1/10th of one percent sales tax)—effective April 1, 2016— to be used for parks and other eligible purposes. The initial RAP Tax authorization by voters in 2007 was for the primary purpose of paying the debt service on the performing arts center. The recent reauthorization is being used mostly for parks projects, but also some for the museum and performing arts center. This allowed the City Council to proceed with the next phase of the Community Park Expansion Project in 2017, the highest priority in the Parks Capital Improvement Plan. Another phase will occur in 2018, making this expansion area available for public use in 2018. The RAP Tax generated approximately \$375,000 in fiscal year 2017.

## **Sidewalk Repairs**

In fiscal year 2017 City Staff completed a comprehensive inventory of sidewalk conditions and parkstrip trees within city limits. Nearly 10,000 sidewalk defects were mapped into a geographic information system, including more than 8,000 vertical faults ranging from 3/8 inch to more than 3 inches. All trip hazards were sprayed with yellow paint. All sidewalk sections with vertical faults over 3 inches were replaced and the trees creating these worst faults were removed. Funding for sidewalk grinding was increased in fiscal year 2017 and again in fiscal year 2018. The City Council is continuing its discussion about the future of park strip trees, which are one of the causes of sidewalk vertical faults.

## **Cemetery Capacity**

In fiscal year 2017 the City Council began studying ways to increase burial capacity within the City cemetery. This study continues in fiscal year 2018 and will include the possibility of creating burial spaces in a new location.

## **Financial Policies**

State Code 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, 2016 was 9.25% 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, drainage, parks and capital facility plans to focus and plan for upcoming projects and required funding. These plans are reviewed annually and periodically modified.

## **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, 2016. This was the seventeenth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published a comprehensive annual financial report, the contents of which conform to program standards. The report must satisfy fiscal year 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 other 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,

Jacob J. Smith  
Management Services Director

**CENTERVILLE CITY CORPORATION**

**PRINCIPAL OFFICIALS**

EXECUTIVE BUDGETARY

|                  |                          |
|------------------|--------------------------|
| Steve H. Thacker | City Manager             |
| Steve H. Thacker | Interim Finance Director |

STATUTORY APPOINTED OFFICIALS

|                |                     |
|----------------|---------------------|
| Marsha Morrow  | Recorder            |
| Jolene Jackson | Treasurer           |
| David Miller   | Justice Court Judge |

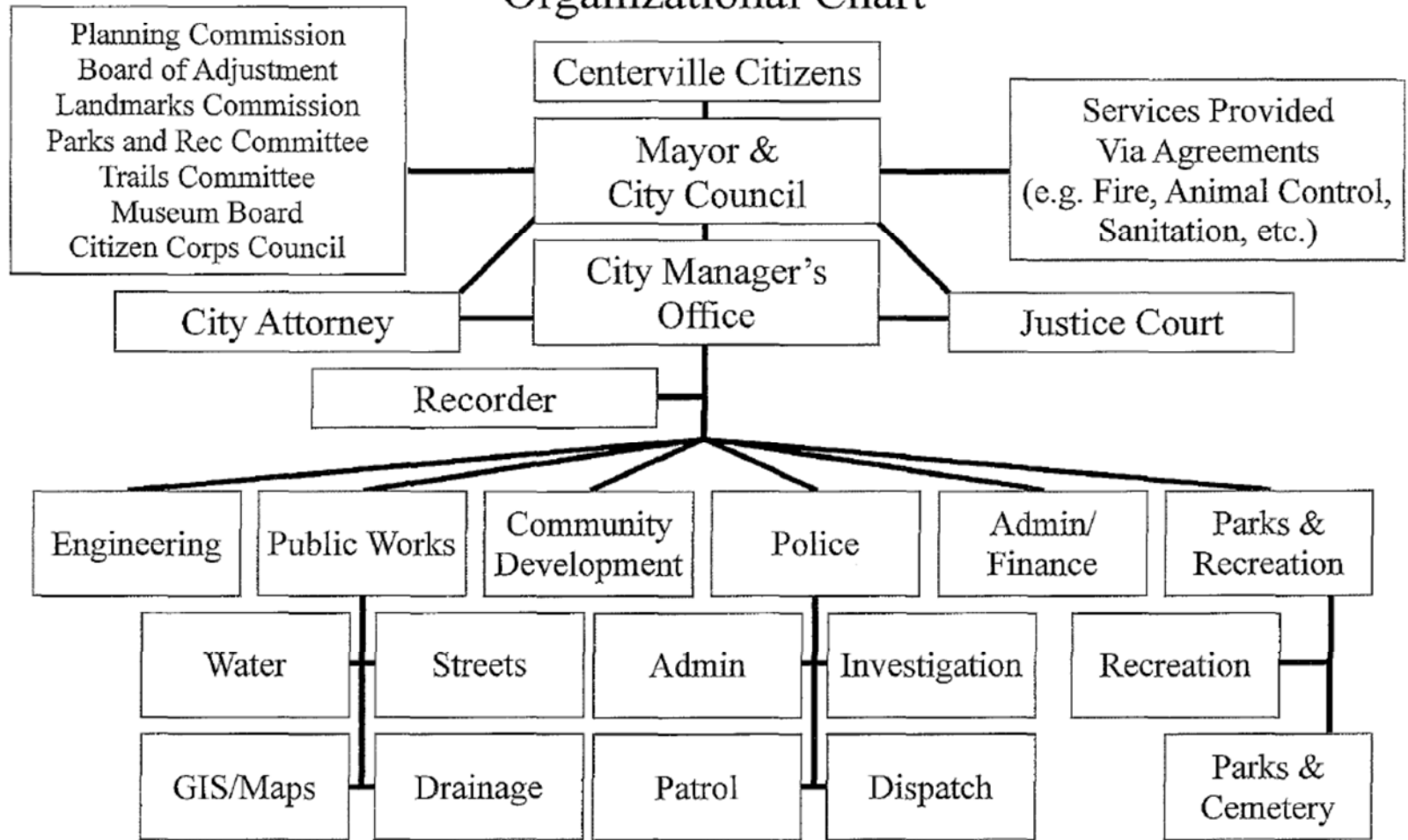
DEPARTMENT HEADS

|               |                                |
|---------------|--------------------------------|
| Paul Child    | Police Chief                   |
| Randy Randall | Public Works Director          |
| Bruce Cox     | Parks/Recreation Director      |
| Corvin Synder | Community Development Director |

OTHER CITY OFFICIALS

|                |                        |
|----------------|------------------------|
| Von Steenblik  | Assistant Police Chief |
| Kevin Campbell | Engineer               |
| Lisa Romney    | 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, 2016**

Executive Director/CEO

# **FINANCIAL SECTION**



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## Independent Auditors' Report

Honorable Mayor and  
Members of City Council  
Centerville City Corporation  
Centerville City, 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 (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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.

### Auditor's 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 *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 financial statements are free from 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 auditor's 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 evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Redevelopment Agency special revenue fund and Transit Tax special revenue fund for the year then ended in accordance 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 that the management's discussion and analysis, the schedule of the proportionate share of the net pension liability, the schedule of contributions and related notes as listed in the table of contents, 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 Centerville City Corporation's basic financial statements. The introductory section, combining statements and individual nonmajor fund budgetary comparison schedules, and statistical section are presented for additional analysis and are not a required part of the basic financial statements.

The combining statements and individual nonmajor fund budgetary comparison schedules, as listed in the table of contents, 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. Such 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 combining statements and individual nonmajor fund budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical section 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 October 31, 2017, on our consideration of Centerville City Corporation's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Centerville City Corporation's internal control over financial reporting and compliance.



HintonBurdick, PLLC  
St. George, Utah  
October 31, 2017

**Centerville City Corporation**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For The Year Ended June 30, 2017**

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, 2017.

**Financial Highlights**

The Statement of Net Position is similar to a balance sheet in the private sector. The assets of Centerville City exceeded its liabilities at June 30, 2017 by \$46,104,747 (net position). The City has \$44,672,518 invested in capital assets, net of related debt. \$1,497,762 is restricted for future construction projects and the theater reserve fund. The unrestricted amount is (\$65,533). This does not indicate that the City is operating in a deficit position, but indicates the financial position in relation to the assets, (current, non-current and capital), and liabilities of the City. Newly included in this statement is the City's stated portion of the Utah State Retirement System that is not funded with current assets.

Centerville's total net position increased by \$2,448,009 from the prior year, a 5.61% increase (after prior period adjustment). Changes in assets and liabilities are as follows. Total assets increased by \$1,610,749, a change of 2.85%. Total Liabilities decreased by \$1,016,266 from the prior year, a percent change of 8.05%. Capital investments net of debt, increased \$861,725 or 1.97%. Business-Type Activities capital investments net of debt increased \$835,367 or 5.71%, and Governmental Activities increased \$26,358 or .09%. Restricted assets increased by \$546,899 or 57.51% the previous year. Most of the net increase was due to additional class C road money, the Theater reserve, and the perpetual care. Unrestricted assets increased \$1,039,385. Governmental Activities decreased \$164,926, while Business-Type activities increased by \$1,204,311.

Centerville's governmental funds reported a combined ending fund balances of \$2,514,289 at June 30, 2017. This is a statement of the current available assets of the City. This is an increase of \$843,157, or 50.45%. The City has considerable commitments to capital projects including park improvements and roads. Of the ending fund balances, \$615,562, is available for spending at the City's discretion in the General Fund (unassigned fund balance).

At June 30, 2017, fund balances in governmental funds other than the general fund was \$1,860,335 an overall \$1,098,364 increase. Assigned fund balances decreased by \$37,758, or 8.16%. The Assigned amount to the RDA is \$86,921. The assigned amount for the transit tax fund is \$206,232. The assigned amount for other governmental funds, is \$132,072. A reflection of the City's future investment in a new park facility and roads, the amount restricted, in all governmental funds, for future development, cemetery and the theater reserve fund is \$1,420,309.

**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 are comprised 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.

**Centerville City Corporation**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2017**

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). However, because the City's governing body is the same as the governing boards of the component unit, and can substantially control them, the financial information is blended and reported together with the financial information presented for the primary government.

**Fund financial statements**

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

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

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

Centerville City maintains 14 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the General fund, Redevelopment Agency, Transit Tax special revenue fund, and the Utopia Capital Projects fund, all of which are considered major funds. Data from the other 10 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 four major governmental funds; General Fund as well as the Centerville City Redevelopment Agency, the Transit Tax special revenue fund, and the Utopia Capital Projects fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with budget. Budgets are also adopted for the other Non-major governmental type funds.

**Centerville City Corporation**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2017**

*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, drainage, Sanitation, and Telecommunication funds because they are considered major funds.

*Fiduciary Fund* - The City reports a fiduciary fund to account for the activities of the Whitaker Museum.

**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. Auditor's 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 overall financial position, including current resources, liabilities and investment in assets. In the case of Centerville City, assets exceeded liabilities by \$46,104,747 at June 30, 2017.

The largest portion of the City's net position is \$44,672,518 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 \$861,725 which equals, 1.97%, 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.

A portion of the remainder of the City's net position, \$1,497,762, represents resources that are subject to external restrictions on how they may be utilized. However this is an increase of \$546,899 or 57.52%. This increase was due to the increase in restricted assets: class C road funds, theater reserve funds, and cemetery perpetual care.

The table on the following page illustrates the City's Net Position for Governmental Activities and Business-Type activities (enterprise funds), and a comparison to the prior year. The following page includes a table that illustrates the Change of Net Position as a statement of activities for the year in for Governmental and Business-Type activities.

**Centerville City Corporation**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2017**

**Centerville City's Net Position**

|                                  | Governmental<br>Activities<br>2017 | Governmental<br>Activities<br>2016 | Business-type<br>Activities<br>2017 | Business-type<br>Activities<br>2016 |
|----------------------------------|------------------------------------|------------------------------------|-------------------------------------|-------------------------------------|
| Current and other assets         | \$ 5,489,877                       | \$ 4,426,616                       | \$ 3,094,948                        | \$ 2,402,251                        |
| Capital assets                   | <u>31,579,709</u>                  | <u>32,131,583</u>                  | <u>17,964,794</u>                   | <u>17,558,129</u>                   |
| Total Assets                     | <u>37,069,586</u>                  | <u>36,558,199</u>                  | <u>21,059,742</u>                   | <u>19,960,380</u>                   |
| Deferred outflows of resources   | <u>1,407,320</u>                   | <u>1,072,766</u>                   | <u>167,858</u>                      | <u>146,516</u>                      |
| Current and other liabilities    | 1,435,131                          | 1,752,085                          | 384,521                             | 296,683                             |
| Long-term liabilities            | <u>5,654,684</u>                   | <u>5,897,579</u>                   | <u>4,140,980</u>                    | <u>4,685,235</u>                    |
| Total Liabilities                | <u>7,089,815</u>                   | <u>7,649,664</u>                   | <u>4,525,501</u>                    | <u>4,981,918</u>                    |
| Deferred inflows of resources    | <u>1,949,655</u>                   | <u>1,424,493</u>                   | <u>34,788</u>                       | <u>25,048</u>                       |
| Net position:                    |                                    |                                    |                                     |                                     |
| Net investment in capital assets | 29,216,798                         | 29,190,440                         | 15,455,720                          | 14,620,353                          |
| Restricted                       | 1,458,012                          | 438,816                            | 39,750                              | 512,047                             |
| Unrestricted                     | <u>(1,237,374)</u>                 | <u>(1,072,448)</u>                 | <u>1,171,841</u>                    | <u>(32,470)</u>                     |
| Total Net Position               | <u>\$ 29,437,436</u>               | <u>\$ 28,556,808</u>               | <u>\$ 16,667,311</u>                | <u>\$ 15,099,930</u>                |

**Centerville City Corporation**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2017**

**Centerville City's Changes in Net Assets**

|   | Governmental<br>Activities<br><u>2017</u> | Governmental<br>Activities<br><u>2016</u> | Business-type<br>Activities<br><u>2017</u> | Business-type<br>Activities<br><u>2016</u> |
|---|---|---|--|--|
| <b>Revenues:</b>  |   |   |  |  |
| Program revenues:                                       |   |   |  |  |
| Charges for services                                    | \$ 1,122,395                              | \$ 1,407,178                              | \$ 4,863,449                               | \$ 4,559,513                               |
| Operating grants and contributions                      | 1,599,141                                 | 2,304,830                                 | 320,456                                    | 350,533                                    |
| Capital grants and contributions                        | 757,607                                   | 1,114,767                                 | -  | -  |
| General revenues:                                       |   |   |  |  |
| Property taxes  | 1,246,982                                 | 1,275,046                                 | -  | -  |
| Sales taxes   | 4,108,686                                 | 3,697,653                                 | -  | -  |
| Franchise taxes   | 1,126,627                                 | 1,141,628                                 | -  | -  |
| Other taxes   | 375,773                                   | 357,949                                   | -  | -  |
| Unrestricted investment earnings                        | 21,924                                    | 13,284                                    | 3,771                                      | 2,390                                      |
| Other revenues  | 153,790                                   | 130,668                                   | 1,174                                      | 5,259                                      |
| <b>Total Revenues</b>                                   | <b><u>10,512,925</u></b>                  | <b><u>11,443,003</u></b>                  | <b><u>5,188,850</u></b>                    | <b><u>4,917,695</u></b>                    |
| <b>Expenses:</b>  |   |   |  |  |
| General government                                      | 1,306,430                                 | 1,200,320                                 | -  | -  |
| Public safety   | 3,618,279                                 | 3,421,139                                 | -  | -  |
| Highways and public improvements                        | 2,088,089                                 | 2,012,637                                 | -  | -  |
| Parks and recreation                                    | 1,355,402                                 | 1,434,223                                 | -  | -  |
| Community development                                   | 1,051,553                                 | 1,096,021                                 | -  | -  |
| Interest on long-term debt                              | 45,112                                    | 98,142                                    | -  | -  |
| Water   | -   | -   | 2,068,468                                  | 2,106,260                                  |
| Sanitation  | -   | -   | 965,638                                    | 703,201                                    |
| Storm drain   | -   | -   | 704,313                                    | 973,114                                    |
| Telecom   | -   | -   | 302,954                                    | 314,130                                    |
| <b>Total Expenses</b>                                   | <b><u>9,464,865</u></b>                   | <b><u>9,262,482</u></b>                   | <b><u>4,041,373</u></b>                    | <b><u>4,096,705</u></b>                    |
| Increase (decrease) in Net Position<br>before transfers | 1,048,060                                 | 2,180,521                                 | 1,147,477                                  | 820,990                                    |
| Transfers   | <u>(230,590)</u>                          | <u>(16,309)</u>                           | <u>177,385</u>                             | <u>16,309</u>                              |
| Increase in Net Position                                | 817,470                                   | 2,164,212                                 | 1,324,862                                  | 837,299                                    |
| Net Position - Beginning, Restated                      | <u>28,619,966</u>                         | <u>26,392,596</u>                         | <u>15,342,449</u>                          | <u>14,262,631</u>                          |
| Net Position - Ending                                   | <b><u>\$ 29,437,436</u></b>               | <b><u>\$ 28,556,808</u></b>               | <b><u>\$ 16,667,311</u></b>                | <b><u>\$ 15,099,930</u></b>                |

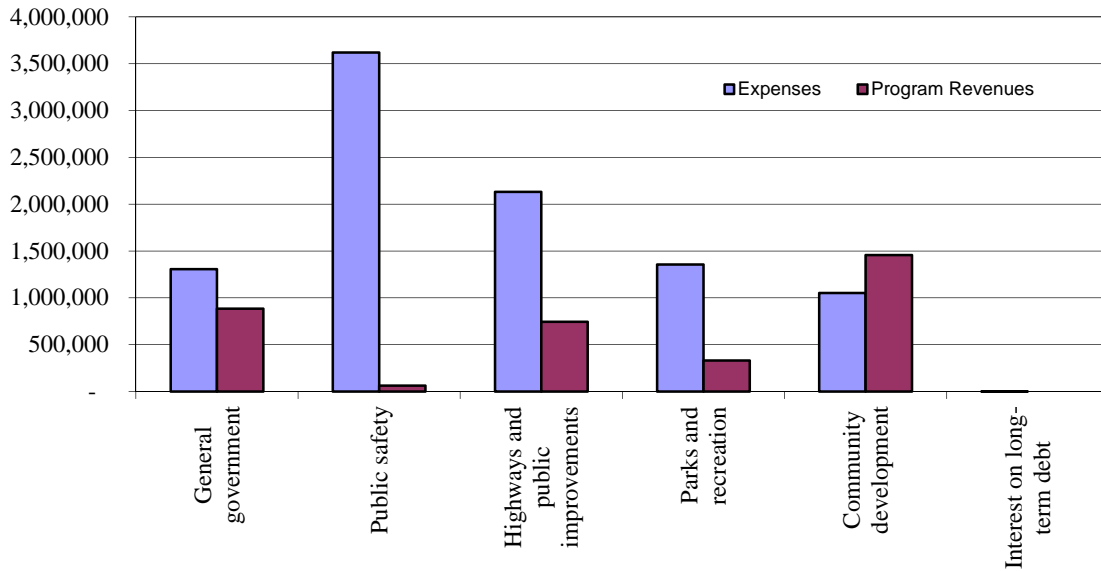
As noted in the table above, governmental activities net position increased by \$817,470 or 2.86%. The table illustrates the flow of current sources and uses for the period. This table is a good source to illustrate the activities and of the period and the City's position at the year end.



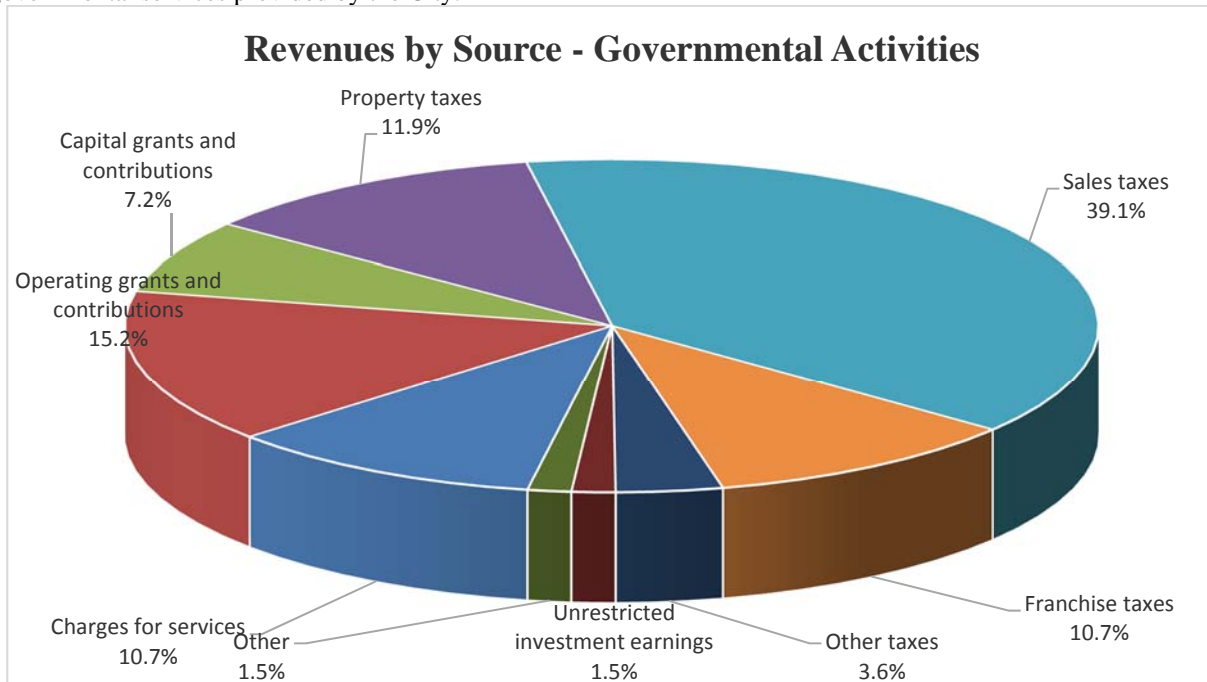
**Centerville City Corporation  
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)  
For The Year Ended June 30, 2017**

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. Most of the funding for general services is provided by general taxes that are not assigned to a specific program.

**Expenses and Program Revenues - Governmental Activities**



The following chart displays the major sources of governmental activity revenue. Taxes account for 65.20% of revenue that funds governmental activity in the current period. These revenues account for the majority of the governmental services provided by the City.

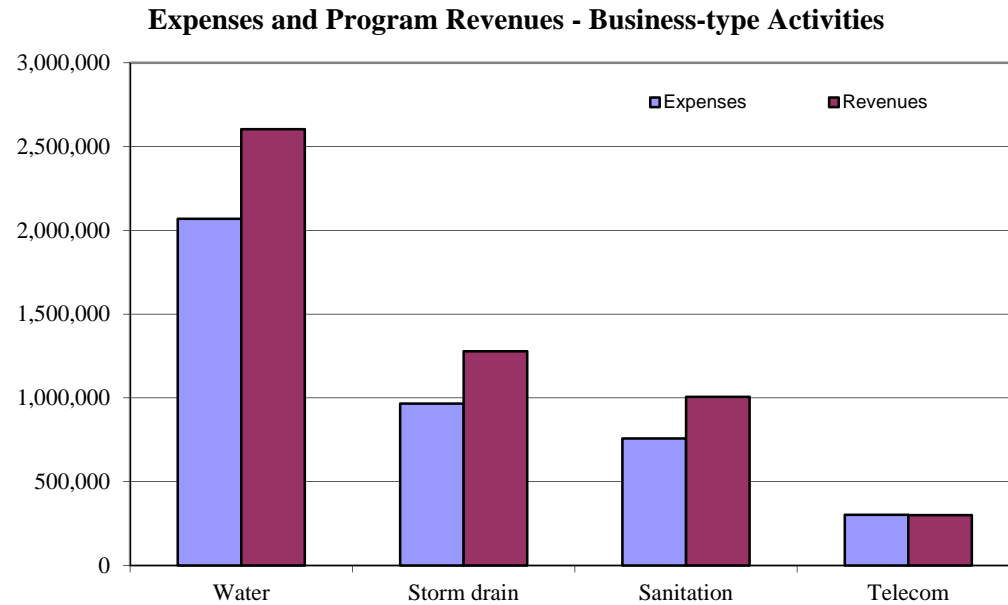


**Centerville City Corporation**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2017**

**Business-type activities**

As noted in the table "Centerville City Changes in Net Position (Statement of Activities)" business-type activities increased net position of \$1,324,862, 8.64% from the prior year.

The following chart displays business-type activities compared to program expenses attributed to the activity. Unlike governmental activities, traditionally business-type activities are self-supporting, revenues are used and provide sufficient funding for the services they provide.



Business-type activities are generally funded by charges for services. 100% of the revenues for business-type activities comes from charges for services, no general taxes are used to provide Business-type services. During the current reporting period charges for services more than funded expenses by a net \$896,270. Individual funds cover expenses over revenues from reserves, with the exception of the Telecom Fund which had an operating loss of \$2,283.

**Financial Analysis of the Government's 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, 2017, the City's governmental funds reported a combined ending fund balance of \$2,514,289 which is an increase of \$968,111 or 62.61% from the prior period. The Unassigned balance, in general fund, decreased by 0.62%, a total dollar amount of \$3,865. Assigned fund balances that are assigned for a specific purpose decreased

**Centerville City Corporation**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2017**

\$37,758 from the prior period, or 8.16 %. The Restricted Fund balances increased \$981,493 from the prior period, or 224%. The majority of the restricted fund balance is for future development and the theater reserve fund. The Non-spendable Fund balances are from the Cemetery perpetual care fund and the prepaid items. These items are not available for new spending as it has already been committed for a specific purpose or is unavailable for government operations, but are \$53,191 at June 30, 2017.

The general fund is the primary operating fund of the City. At June 30, 2017 unassigned fund balance of the general fund was \$615,562, a decrease of \$3,865, 0.62%. Revenues from taxes were below budget by \$540,117, revenue from licenses and permits were below budget by \$82,296, and revenue from fines and forfeitures were \$74,938 below budget. The general fund revenue was \$756,000 less than prior year. The general fund expenditures were \$611,074 less than prior year. Majority of the decrease in both revenue and expense was due to the class C road revenue being recorded in the transit tax fund instead of the general fund.

The Transit tax fund is considered as a major governmental fund. This fund has been established for road projects. Class C revenue and County option/transit funds. The city uses these funds for road projects. This fund has a fund balance of \$898,620.

The Utopia Capital Projects fund is reported as a major governmental fund. Funds are transferred into this fund to pay for the Utopia pledge payment. Fund balance increased \$7,911. Fund balance was \$2 at June 30, 2017.

Other Governmental funds had a total decrease in fund balances of \$120,366, or 18.99%. This decrease is primarily due to the change in balances in Rap Tax fund, Storm Drain fund, and the Parks Capital Improvement fund. There was major expenditures for a park in Park Capital Improvement fund. The remaining cash in the Storm Drain fund was transferred to the Drainage fund.

**Proprietary funds**

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

*Water Utility fund*

Total net position equaled \$12,124,318 at June 30, 2017. Total net position increased by \$534,107, a 4.61% increase (after prior period adjustment). The increase was primarily from investment in capital assets and the reduction of restricted balances for construction and debt service. The water fund also had a 10% increase in the water utility rate compared to prior year.

*Drainage Utility*

Total net position at June 30, 2017 was \$4,559,736. Total net assets increased by \$752,780 resulting in an 19.77% change (after prior period adjustment), from investment in capital assets. In Fiscal year 2016 the city approximately double the drainage fee to capital upgrades to the drainage system. The Storm Drain fund (governmental fund) was closed and \$177,385 was transferred into the Drainage fund.

*Sanitation*

Total net position at June 30, 2017 was (\$30,222). Total net assets increased \$40,258 resulting in a 57.12% change. In the fiscal year 2018 budget a transfer of \$31,000 has been budgeted to eliminate the negative fund balance in this fund.

*Telecom Fund*

The Telecom Fund net position at June 30, 2017 was \$13,479. Total net decrease of \$2,283 or 14.48%.

**Centerville City Corporation**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2017**

**General Fund Budgetary Highlights**

During the fiscal year the general fund budget expenditures were amended from \$7,710,266 (including \$6,988,888 operating expenditures and \$721,378 transfers out) to \$7,781,810 which included \$7,022,732 operating expenditures and \$759,078 transfers out. This reflects total increase of \$71,544 or 0.93%. The primary reason for the amendments was for police, administrative expenditures. Expenditures for the year were less than the original budget.

Total revenues had a negative variance between final amended budgets to actual of 9.80%, for a total of \$685,599. Taxes, the largest source of revenue for the general fund was \$540,117 below budget. This was 8.99% less than budget. This demonstrates that minor percentage variance in taxes can impact revenues substantially. This type of revenue is subject to seasonal usage fluctuation. Other revenue categories that under budget significantly were, licenses and permits, \$82,296, and Fines and forfeitures, \$74,938.

**Capital Assets and Debt Administration**

**Capital assets.**

Centerville City's investment in capital assets for governmental and business-type activities at June 30, 2017 was \$49,544,503 (net of depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, autos and trucks, furniture and fixtures. The City's total investment in capital assets decreased by \$145,211 or 0.29%. Governmental activities decreased capital assets (net of depreciation) \$551,874 or 1.72%, to \$31,579,709. Business type activities increased capital assets (net of depreciation) \$406,663 or 2.32% to \$17,964,794.

Major capital asset events during the current year were:

- 1) The City donated \$140,431 in land from Governmental activities which is a non-depreciable asset. This land was under the Centerville fire station. There was \$1,129,499 added to Construction in Progress, mostly for waterline projects, frontage road culverts, street constructions, and parks projects.
- 2) Infrastructure increased by \$241,000 attributable to street improvements. Street repairs such as overlays and sealing are not considered increases in assets, but operating expenditures. New streets or complete rebuilds of streets are treated as an increase in Infrastructure assets. The city also added \$248,778 in vehicles and \$95,423 in other equipment.
- 3) The City made significant investment in business type assets during the year. Expansion or replacement of the system are recorded as an increase in assets. The investment of business type activities increased by the amount of \$465,233 (depreciated). Prior to depreciation, investments in Water distribution systems increased by \$369,539; Storm Drain Systems increased by \$61,607.

**Centerville City Corporation**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2017**

|                                     | Governmental<br>Activities<br>2017 | Governmental<br>Activities<br>2016 | Business - type<br>Activities<br>2017 | Business - type<br>Activities<br>2016 |
|-------------------------------------|------------------------------------|------------------------------------|---------------------------------------|---------------------------------------|
| Land                                | \$ 7,645,300                       | \$ 7,785,731                       | \$ 236,909                            | \$ 236,909                            |
| Buildings                           | 14,100,333                         | 14,556,271                         | 2,497,056                             | 2,567,717                             |
| Water stock and rights              | -                                  | -                                  | 48,617                                | 48,617                                |
| Machinery and equipment             | 1,201,395                          | 1,283,165                          | 129,801                               | 158,712                               |
| Distribution and collection systems | -                                  | -                                  | 14,539,377                            | 14,502,109                            |
| Autos and trucks                    | 834,856                            | 859,902                            | -                                     | -                                     |
| Infrastructure                      | 6,882,402                          | 6,821,678                          | -                                     | -                                     |
| Furniture and fixtures              | -                                  | -                                  | -                                     | -                                     |
| Construction in progress            | 915,423                            | 824,836                            | 513,034                               | 44,065                                |
| <b>Total Capital Assets</b>         | <b>\$ 31,579,709</b>               | <b>\$ 32,131,583</b>               | <b>\$ 17,964,794</b>                  | <b>\$ 17,558,129</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**

|                       | Governmental<br>Activities<br>2017 | Governmental<br>Activities<br>2016 | Business - type<br>Activities<br>2017 | Business - type<br>Activities<br>2016 |
|-----------------------|------------------------------------|------------------------------------|---------------------------------------|---------------------------------------|
| Revenue bonds         | \$ 2,318,431                       | \$ 2,853,040                       | \$ 2,509,074                          | \$ 2,937,776                          |
| Note payable          | -                                  | -                                  | 1,310,571                             | 1,442,825                             |
| Capital leases        | 44,474                             | 88,100                             | -                                     | -                                     |
| Compensated absences  | 550,161                            | 602,584                            | 66,974                                | 76,638                                |
| Termination benefits  | 30,327                             | 36,292                             | -                                     | -                                     |
| Outstanding claims    | 101,815                            | 92,800                             | -                                     | -                                     |
| Net pension liability | 2,609,476                          | 2,224,763                          | 254,361                               | 227,996                               |
| <b>Total</b>          | <b>\$ 5,654,684</b>                | <b>\$ 5,897,579</b>                | <b>\$ 4,140,980</b>                   | <b>\$ 4,685,235</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 Budgets and Rates**

At the time the budget was adopted for the fiscal year ending June 30, 2018, the Utah and local economy remained strong. Unemployment in June 2017 remained low at 3.2%, which is better than the national and State rates. Utah's economy is considered one of the strongest in the nation. Construction in the commercial sector within Centerville is moderate and is expected to remain so in the coming year. More commercial projects are anticipated in the Legacy Crossing at Parrish Lane and Barnard Creek redevelopment areas in FY 2018.

Sales taxes are the largest single source of revenue for governmental operations of the City. City sales tax revenue in FY 2017 increased 5.3% over the prior year, or \$190,299, and is projected to increase 4% in FY 2018.

**Centerville City Corporation**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For The Year Ended June 30, 2017**

A 40% property tax increase is included in the FY 2018 budget, to be used for street and sidewalk maintenance, police officer retention, and building up the General Fund reserves. Culinary water rates increased 10% in FY 2018 to fund the replacement of old water mains.

**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.

## **BASIC FINANCIAL STATEMENTS**

**Centerville City Corporation**  
**STATEMENT OF NET POSITION**  
**June 30, 2017**

|   | Governmental<br>Activities | Business-type<br>Activities | Total                |
|---|----------------------------|-----------------------------|----------------------|
| <b>Assets</b>   |                            |                             |                      |
| Cash and cash equivalents                             | \$ 262,298                 | \$ 922,275                  | \$ 1,184,573         |
| Receivables:  |                            |                             |                      |
| Accounts, net   | 2,093                      | 475,495                     | 477,588              |
| Taxes   | 2,650,219                  | -                           | 2,650,219            |
| Inventory   |                            | 304,315                     | 304,315              |
| Prepays   | 10,874                     | 42,542                      | 53,416               |
| Restricted assets:                                    |                            |                             |                      |
| Cash and cash equivalents                             | 2,563,952                  | 39,750                      | 2,603,702            |
| Notes receivable                                      | -                          | 1,310,571                   | 1,310,571            |
| Net pension asset                                     | 441                        | -                           | 441                  |
| Capital assets not being depreciated:                 |                            |                             |                      |
| Water stock and rights                                | -                          | 48,617                      | 48,617               |
| Land and collectibles                                 | 7,645,300                  | 236,909                     | 7,882,209            |
| Construction in progress                              | 915,423                    | 513,034                     | 1,428,457            |
| Capital assets, net of accumulated depreciation:      |                            |                             |                      |
| Buildings and improvements                            | 14,100,333                 | 2,497,056                   | 16,597,389           |
| Distribution and collection systems                   | -                          | 14,539,377                  | 14,539,377           |
| Machinery and equipment                               | 1,201,395                  | 129,801                     | 1,331,196            |
| Autos and trucks                                      | 834,856                    | -                           | 834,856              |
| Infrastructure  | 6,882,402                  | -                           | 6,882,402            |
| <b>Total Assets</b>                                   | <b>37,069,586</b>          | <b>21,059,742</b>           | <b>58,129,328</b>    |
| <b>Deferred Outflows of Resources</b>                 |                            |                             |                      |
| Deferred charge on refunding                          | -                          | 17,508                      | 17,508               |
| Deferred outflows related to pensions                 | 1,407,320                  | 150,350                     | 1,557,670            |
| <b>Total Deferred Outflows of Resources</b>           | <b>1,407,320</b>           | <b>167,858</b>              | <b>1,575,178</b>     |
| <b>Total Assets and Deferred Outflow of Resources</b> | <b>\$ 38,476,906</b>       | <b>\$ 21,227,600</b>        | <b>\$ 59,704,506</b> |

The notes to the basic financial statements are an integral part of this statement.



**Centerville City Corporation**  
**STATEMENT OF NET POSITION (Continued)**  
**June 30, 2017**

|   | Governmental<br>Activities | Business-type<br>Activities | Total                |
|---|----------------------------|-----------------------------|----------------------|
| <b>Liabilities:</b>   |                            |                             |                      |
| Accounts payable  | \$ 138,529                 | \$ 349,976                  | \$ 488,505           |
| Accrued liabilities   | 177,414                    | 11,766                      | 189,180              |
| Accrued interest payable  | 13,248                     | 22,779                      | 36,027               |
| Developer and customer deposits   | 820,739                    | -                           | 820,739              |
| Liabilities payable from<br>restricted assets                                 | 285,201                    | -                           | 285,201              |
| Noncurrent liabilities  |                            |                             |                      |
| Due within one year   | 852,684                    | 327,424                     | 1,180,108            |
| Due in more than one year   | 4,802,000                  | 3,813,556                   | 8,615,556            |
| <b>Total Liabilities</b>  | <b>7,089,815</b>           | <b>4,525,501</b>            | <b>11,615,316</b>    |
| <b>Deferred Inflows of Resources</b>  |                            |                             |                      |
| Deferred inflows for property taxes   | 1,553,263                  | -                           | 1,553,263            |
| Deferred inflows relating to pensions   | 396,392                    | 34,788                      | 431,180              |
| <b>Total Deferred Inflows of Resources</b>                                    | <b>1,949,655</b>           | <b>34,788</b>               | <b>1,984,443</b>     |
| <b>Net Position:</b>  |                            |                             |                      |
| Net investment in capital assets  | 29,216,798                 | 15,455,720                  | 44,672,518           |
| Restricted for:   |                            |                             |                      |
| Future development  | 1,026,877                  | 39,750                      | 1,066,627            |
| Theater reserve fund  | 361,342                    | -                           | 361,342              |
| Cemetery  | 46,892                     | -                           | 46,892               |
| Police/DUI enforcement  | 22,901                     | -                           | 22,901               |
| Unrestricted  | (1,237,374)                | 1,171,841                   | (65,533)             |
| <b>Total Net Position</b>   | <b>29,437,436</b>          | <b>16,667,311</b>           | <b>46,104,747</b>    |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Net Position</b> | <b>\$ 38,476,906</b>       | <b>\$ 21,227,600</b>        | <b>\$ 59,704,506</b> |

The notes to the basic financial statements are an integral part of this statement.

**Centerville City Corporation**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2017**

| Functions/Programs                            | Expenses             | Program Revenues        |  |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                    |
|---|----------------------|-------------------------|--|--|--|-----------------------------|--------------------|
|   |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-type<br>Activities | Total              |
| <b>Government Activities:</b>                 |                      |                         |  |  |  |                             |                    |
| General government                            | \$ 1,306,430         | \$ 871,295              | \$ -                                     | \$ 13,659                              | \$ (421,476)   | \$ -                        | \$ (421,476)       |
| Public safety                                 | 3,618,279            | -                       | 62,510                                   | -                                      | (3,555,769)  | -                           | (3,555,769)        |
| Streets and public works                      | 2,088,089            | -                       | -  | 743,948                                | (1,344,141)  | -                           | (1,344,141)        |
| Parks and recreation                          | 1,355,402            | 251,100                 | 80,223                                   | -                                      | (1,024,079)  | -                           | (1,024,079)        |
| Community development                         | 1,051,553            | -                       | 1,456,408                                | -                                      | 404,855  | -                           | 404,855            |
| Interest and issuance costs on long-term debt | 45,112               | -                       | -  | -                                      | (45,112)   | -                           | (45,112)           |
| <b>Total Governmental Activities</b>          | <b>9,464,865</b>     | <b>1,122,395</b>        | <b>1,599,141</b>                         | <b>757,607</b>                         | <b>(5,985,722)</b>                                   | <b>-</b>                    | <b>(5,985,722)</b> |
| <b>Business-type Activities:</b>              |                      |                         |  |  |  |                             |                    |
| Water   | 2,068,468            | 2,305,757               | 293,047                                  | -                                      | -  | 530,336                     | 530,336            |
| Storm drain                                   | 704,313              | 1,251,125               | 27,409                                   | -                                      | -  | 574,221                     | 574,221            |
| Sanitation                                    | 965,638              | 1,005,896               | -  | -                                      | -  | 40,258                      | 40,258             |
| Telecom                                       | 302,954              | 300,671                 | -  | -                                      | -  | (2,283)                     | (2,283)            |
| <b>Total Business-type Activities</b>         | <b>4,041,373</b>     | <b>4,863,449</b>        | <b>320,456</b>                           | <b>-</b>                               | <b>-</b>   | <b>1,142,532</b>            | <b>1,142,532</b>   |
| <b>Total Government</b>                       | <b>\$ 13,506,238</b> | <b>\$ 5,985,844</b>     | <b>\$ 1,919,597</b>                      | <b>\$ 757,607</b>                      | <b>(5,985,722)</b>                                   | <b>1,142,532</b>            | <b>(4,843,190)</b> |
| General Revenues:                             |                      |                         |  |  |  |                             |                    |
| Property taxes                                |                      |                         |  |  | 1,246,982  | -                           | 1,246,982          |
| Sales taxes                                   |                      |                         |  |  | 4,108,686  | -                           | 4,108,686          |
| Franchise taxes                               |                      |                         |  |  | 1,126,627  | -                           | 1,126,627          |
| Other taxes                                   |                      |                         |  |  | 375,773  | -                           | 375,773            |
| Unrestricted investment earnings              |                      |                         |  |  | 21,924   | 3,771                       | 25,695             |
| Other revenues                                |                      |                         |  |  | 153,790  | 1,174                       | 154,964            |
| Transfers                                     |                      |                         |  |  | (230,590)  | 177,385                     | (53,205)           |
| Total General Revenues and Transfers          |                      |                         |  |  | 6,803,192  | 182,330                     | 6,985,522          |
| Changes in Net Position                       |                      |                         |  |  | 817,470  | 1,324,862                   | 2,142,332          |
| Net Position, Beginning, Restated             |                      |                         |  |  | 28,619,966   | 15,342,449                  | 43,962,415         |
| Net Position, Ending                          |                      |                         |  |  | \$ 29,437,436  | \$ 16,667,311               | \$ 46,104,747      |

The notes to the basic financial statements are an integral part of this statement.

**Centerville City Corporation**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2017**

|  | General             | Redevelopment<br>Agency Special<br>Revenue | Transit Tax       | UTOPIA<br>Capital Projects | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|--|-------------------|----------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>  |                     |  |                   |                            |                                |                                |
| Cash and cash equivalents  | \$ 99,992           | \$ 88,946                                  | \$ -              | \$ 2                       | \$ 73,357                      | \$ 262,297                     |
| Receivables:   |                     |  |                   |                            |                                |                                |
| Accounts, net  | 2,093               | -  | -                 | -                          | -                              | 2,093                          |
| Taxes  | 2,207,149           | 168,692                                    | 206,229           | -                          | 68,149                         | 2,650,219                      |
| Prepays  | 15,491              | -  | -                 | -                          | -                              | 15,491                         |
| Restricted cash and cash equivalents   | 843,640             | 361,342                                    | 744,893           | -                          | 614,077                        | 2,563,952                      |
| <b>Total Assets</b>  | <b>\$ 3,168,365</b> | <b>\$ 618,980</b>                          | <b>\$ 951,122</b> | <b>\$ 2</b>                | <b>\$ 755,583</b>              | <b>\$ 5,494,052</b>            |
| <b>Liabilities</b>   |                     |  |                   |                            |                                |                                |
| Accounts payable   | \$ 127,070          | \$ 2,025                                   | \$ -              | \$ -                       | \$ 9,434                       | \$ 138,529                     |
| Accrued liabilities  | 182,031             | -  | -                 | -                          | -                              | 182,031                        |
| Developer and customer deposits  | 820,739             | -  | -                 | -                          | -                              | 820,739                        |
| Liabilities payable from<br>restricted assets                                  | -                   | -  | 52,502            | -                          | 232,699                        | 285,201                        |
| <b>Total Liabilities</b>   | <b>1,129,840</b>    | <b>2,025</b>                               | <b>52,502</b>     | <b>-</b>                   | <b>242,133</b>                 | <b>1,426,500</b>               |
| <b>Deferred Inflows of Resources</b>   |                     |  |                   |                            |                                |                                |
| Unavailable revenue - property taxes   | 1,384,571           | 168,692                                    | -                 | -                          | -                              | 1,553,263                      |
| <b>Total Deferred Inflows of Resources</b>                                     | <b>1,384,571</b>    | <b>168,692</b>                             | <b>-</b>          | <b>-</b>                   | <b>-</b>                       | <b>1,553,263</b>               |
| <b>Fund Balances:</b>  |                     |  |                   |                            |                                |                                |
| Nonspendable:  |                     |  |                   |                            |                                |                                |
| Prepaid items  | 15,491              | -  | -                 | -                          | -                              | 15,491                         |
| Permanently restricted cemetery  | -                   | -  | -                 | -                          | 37,700                         | 37,700                         |
| Restricted for:  |                     |  |                   |                            |                                |                                |
| Future development   | -                   | -  | 692,388           | -                          | 334,486                        | 1,026,874                      |
| Cemetery   | -                   | -  | -                 | -                          | 9,192                          | 9,192                          |
| Theater reserve fund   | -                   | 361,342                                    | -                 | -                          | -                              | 361,342                        |
| Police donations   | 8,417               | -  | -                 | -                          | -                              | 8,417                          |
| DUI enforcement  | 12,084              | -  | -                 | -                          | -                              | 12,084                         |
| Gun range  | 2,400               | -  | -                 | -                          | -                              | 2,400                          |
| Committed for:   |                     |  |                   |                            |                                |                                |
| Assigned, reported in:   |                     |  |                   |                            |                                |                                |
| Special revenue funds  | -                   | 86,921                                     | 206,232           | -                          | 64,185                         | 357,338                        |
| Capital project funds  | -                   | -  | -                 | 2                          | 67,887                         | 67,889                         |
| Unassigned:  |                     |  |                   |                            |                                |                                |
| General fund   | 615,562             | -  | -                 | -                          | -                              | 615,562                        |
| <b>Total Fund Balances</b>   | <b>653,954</b>      | <b>448,263</b>                             | <b>898,620</b>    | <b>2</b>                   | <b>513,450</b>                 | <b>2,514,289</b>               |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources, and Fund Balances</b> | <b>\$ 3,168,365</b> | <b>\$ 618,980</b>                          | <b>\$ 951,122</b> | <b>\$ 2</b>                | <b>\$ 755,583</b>              | <b>\$ 5,494,052</b>            |

The notes to the basic financial statements are an integral part of this statement.

**Centerville City Corporation**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2017**

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

|   |           |                   |
|---|-----------|-------------------|
| <b>Total Fund Balance - Governmental Funds</b>  | \$        | 2,514,289         |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.   |           | 31,579,709        |
| Interest expense is not due and payable in the current period and therefore is not recorded in the funds.   |           | (13,248)          |
| Long-term liabilities, including bonds, capital leases, notes, OPEB, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds. |           | (5,654,684)       |
| Pension obligations and assets, including deferred inflows and outflows relating to pensions, are not obligations of the current period and, therefore, are not reported in the funds.    |           | 1,011,370         |
| <b>Total Net Position - Governmental Activities</b>   | <b>\$</b> | <b>29,437,436</b> |

The notes to the basic financial statements are an integral part of this statement.

**Centerville City Corporation**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2017**

|  | General           | Redevelopment<br>Agency Special<br>Revenue | Transit Tax       | UTOPIA<br>Capital Projects | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-------------------|--|-------------------|----------------------------|--------------------------------|--------------------------------|
| <b>Revenues:</b>   |                   |  |                   |                            |                                |                                |
| Taxes  | \$ 6,005,479      | \$ 172,248                                 | \$ 304,569        | \$ -                       | \$ 375,773                     | \$ 6,858,069                   |
| Fees and contributions   | -                 | -  | -                 | -                          | 80,223                         | 80,223                         |
| Licenses and permits   | 278,579           | -  | -                 | -                          | -                              | 278,579                        |
| Intergovernmental  | 62,510            | 1,456,408                                  | 743,948           | -                          | -                              | 2,262,866                      |
| Fines and forfeitures  | 440,062           | -  | -                 | -                          | -                              | 440,062                        |
| Charges for services   | 147,837           | 80,606                                     | -                 | -                          | 155,877                        | 384,320                        |
| Interest   | 18,791            | -  | -                 | -                          | 3,133                          | 21,924                         |
| Miscellaneous  | 40,183            | 111,109                                    | 13,659            | -                          | 23,272                         | 188,223                        |
| <b>Total Revenues</b>  | <b>6,993,441</b>  | <b>1,820,371</b>                           | <b>1,062,176</b>  | <b>-</b>                   | <b>638,278</b>                 | <b>10,514,266</b>              |
| <b>Expenditures:</b>   |                   |  |                   |                            |                                |                                |
| Current:   |                   |  |                   |                            |                                |                                |
| General government   | 555,785           | -  | -                 | 463,725                    | 2,500                          | 1,022,010                      |
| Public safety  | 3,387,347         | -  | -                 | -                          | -                              | 3,387,347                      |
| Highways and public<br>improvements                                  | 1,139,969         | -  | 80,388            | -                          | -                              | 1,220,357                      |
| Parks and recreation   | 935,066           | -  | -                 | -                          | 183,318                        | 1,118,384                      |
| Community development  | 345,792           | 668,971                                    | -                 | -                          | 15,780                         | 1,030,543                      |
| Debt service:  |                   |  |                   |                            |                                |                                |
| Principal  | 43,626            | -  | -                 | -                          | 495,000                        | 538,626                        |
| Interest   | 1,718             | -  | -                 | -                          | 95,512                         | 97,230                         |
| Capital outlay   | 370,439           | 13,217                                     | 208,831           | 28,412                     | 405,901                        | 1,026,800                      |
| <b>Total Expenditures</b>  | <b>6,779,742</b>  | <b>682,188</b>                             | <b>289,219</b>    | <b>492,137</b>             | <b>1,198,011</b>               | <b>9,441,297</b>               |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>213,699</b>    | <b>1,138,183</b>                           | <b>772,957</b>    | <b>(492,137)</b>           | <b>(559,733)</b>               | <b>1,072,969</b>               |
| <b>Other Financing Sources (Uses):</b>                               |                   |  |                   |                            |                                |                                |
| Transfers in   | 19,180            | -  | 124,786           | 500,048                    | 671,142                        | 1,315,156                      |
| Transfers out  | (488,864)         | (748,532)                                  | (76,575)          | -                          | (231,775)                      | (1,545,746)                    |
| Sale of capital assets   | 778               | -  | -                 | -                          | -                              | 778                            |
| <b>Total Other Financing Sources<br/>(Uses)</b>                      | <b>(468,906)</b>  | <b>(748,532)</b>                           | <b>48,211</b>     | <b>500,048</b>             | <b>439,367</b>                 | <b>(229,812)</b>               |
| <b>Net Change in Fund Balances</b>                                   | <b>(255,207)</b>  | <b>389,651</b>                             | <b>821,168</b>    | <b>7,911</b>               | <b>(120,366)</b>               | <b>843,157</b>                 |
| <b>Fund Balances, Beginning, Restated</b>                            | <b>909,161</b>    | <b>58,612</b>                              | <b>77,452</b>     | <b>(7,909)</b>             | <b>633,816</b>                 | <b>1,671,132</b>               |
| <b>Fund Balances, Ending</b>   | <b>\$ 653,954</b> | <b>\$ 448,263</b>                          | <b>\$ 898,620</b> | <b>\$ 2</b>                | <b>\$ 513,450</b>              | <b>\$ 2,514,289</b>            |

The notes to the basic financial statements are an integral part of this 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, 2017**

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

|  |                   |
|--|-------------------|
| <b>Net Change in Fund Balances - Total Governmental Funds</b>  | \$ 843,157        |
| Governmental funds have reported capital outlays, past and present, 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.   | (1,034,437)       |
| Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the Statement of Net Position.  | 729,639           |
| The Statement of Activities reports the gain or loss on the disposal of capital assets, while the governmental funds report the proceeds from the disposal of capital assets.  | (193,351)         |
| Repayment of noncurrent liabilities' principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Position.   | 538,626           |
| Governmental funds report proceeds from original issue premiums on debt in the year of issuance. However, these premiums are reported as an increase to the face amount of the debt in the Statement of Net Position and subsequently amortized in the Statement of Activities.                | 39,609            |
| In the Statement of Activities interest is accrued on noncurrent liabilities, whereas in governmental funds, interest expense is reported when due.  | 12,510            |
| Some payments for the retirement plans are considered to be payments on the net pension liability (calculated as the difference between the actuarially calculated pension expense and the contributions to the retirement plans), but are reported as expenditures in the governmental funds. | (166,318)         |
| Some expenses, including OPEB, outstanding claims, and compensated absences 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.  | 48,035            |
| <b>Change in Net Position - Governmental Activities</b>  | <u>\$ 817,470</u> |

The notes to the basic financial statements are an integral part of this statement.

**Centerville City Corporation**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL –**  
**GENERAL FUND**  
**For The Year Ended June 30, 2017**

|  | Budgeted Amounts   |                    | Actual<br>Amounts | Variance with<br>Final Budget |
|--|--------------------|--------------------|-------------------|-------------------------------|
|  | Original           | Final              |                   |                               |
| <b>Revenues:</b>   |                    |                    |                   |                               |
| Taxes  | \$ 6,545,596       | \$ 6,545,596       | \$ 6,005,479      | \$ (540,117)                  |
| Licenses and permits   | 360,875            | 360,875            | 278,579           | (82,296)                      |
| Intergovernmental  | 48,250             | 78,250             | 62,510            | (15,740)                      |
| Fines and forfeitures  | 515,000            | 515,000            | 440,062           | (74,938)                      |
| Charges for services   | 150,225            | 150,225            | 147,837           | (2,388)                       |
| Interest   | 6,500              | 6,500              | 18,791            | 12,291                        |
| Miscellaneous  | 18,750             | 22,594             | 40,183            | 17,589                        |
| <b>Total Revenues</b>  | <u>7,645,196</u>   | <u>7,679,040</u>   | <u>6,993,441</u>  | <u>(685,599)</u>              |
| <b>Expenditures:</b>   |                    |                    |                   |                               |
| Current:   |                    |                    |                   |                               |
| General government:  |                    |                    |                   |                               |
| Administrative   | 120,525            | 134,369            | 124,246           | 10,123                        |
| Municipal council  | 33,120             | 33,120             | 15,142            | 17,978                        |
| Finance  | 259,254            | 259,254            | 261,094           | (1,840)                       |
| Legal  | 178,492            | 178,492            | 155,303           | 23,189                        |
| Public Safety:   |                    |                    |                   |                               |
| Police   | 2,527,040          | 2,547,040          | 2,512,101         | 34,939                        |
| Fire   | 875,246            | 875,246            | 875,246           | -                             |
| Streets and public works   | 1,197,536          | 1,197,536          | 1,139,969         | 57,567                        |
| Parks and recreation   | 972,375            | 972,375            | 935,066           | 37,309                        |
| Community development  | 397,254            | 397,254            | 345,792           | 51,462                        |
| Capital lease:   |                    |                    |                   |                               |
| Principal  | -                  | -                  | 43,626            | (43,626)                      |
| Interest   | -                  | -                  | 1,718             | (1,718)                       |
| Capital outlay   | 428,046            | 428,046            | 370,439           | 57,607                        |
| <b>Total Expenditures</b>  | <u>6,988,888</u>   | <u>7,022,732</u>   | <u>6,779,742</u>  | <u>242,990</u>                |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>656,308</u>     | <u>656,308</u>     | <u>213,699</u>    | <u>(442,609)</u>              |
| <b>Other Financing Sources (Uses):</b>                               |                    |                    |                   |                               |
| Transfers in   | -                  | 19,182             | 19,180            | (2)                           |
| Transfers out  | (721,378)          | (759,078)          | (488,864)         | 270,214                       |
| Sale of capital assets   | 20,000             | 20,000             | 778               | (19,222)                      |
| <b>Total Other Financing Sources (Uses)</b>                          | <u>(701,378)</u>   | <u>(719,896)</u>   | <u>(468,906)</u>  | <u>250,990</u>                |
| <b>Net Change in Fund Balance</b>                                    | <u>\$ (45,070)</u> | <u>\$ (63,588)</u> | <u>(255,207)</u>  | <u>\$ (191,619)</u>           |
| <b>Fund Balance, Beginning, Restated</b>                             |                    |                    | <u>909,161</u>    |                               |
| <b>Fund Balance, Ending</b>  |                    |                    | <u>\$ 653,954</u> |                               |

The notes to the basic financial statements are an integral part of this statement.

**Centerville City Corporation**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL –**  
**REDEVELOPMENT AGENCY SPECIAL REVENUE FUND**  
**For The Year Ended June 30, 2017**

|  | Budgeted Amounts |                  | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|------------------|-------------------|-------------------------------|
|  | Original         | Final            |                   |                               |
| <b>Revenues:</b>   |                  |                  |                   |                               |
| Taxes  | \$ 1,840,000     | \$ 1,840,000     | \$ 172,248        | \$ (1,667,752)                |
| Intergovernmental  | -                | -                | 1,456,408         | 1,456,408                     |
| Charges for services   | 78,000           | 78,000           | 80,606            | 2,606                         |
| Miscellaneous  | -                | -                | 111,109           | 111,109                       |
| <b>Total Revenues</b>  | <u>1,918,000</u> | <u>1,918,000</u> | <u>1,820,371</u>  | <u>(97,629)</u>               |
| <b>Expenditures:</b>   |                  |                  |                   |                               |
| Community Development  | 1,171,988        | 871,988          | 668,971           | 203,017                       |
| Capital outlay   | 746,012          | 297,480          | 13,217            | 284,263                       |
| <b>Total Expenditures</b>  | <u>1,918,000</u> | <u>1,169,468</u> | <u>682,188</u>    | <u>487,280</u>                |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>-</u>         | <u>748,532</u>   | <u>1,138,183</u>  | <u>389,651</u>                |
| <b>Other Financing Sources (Uses):</b>                               |                  |                  |                   |                               |
| Transfers out  | -                | (748,532)        | (748,532)         | -                             |
| <b>Total Other Financing Sources<br/>(Uses)</b>                      | <u>-</u>         | <u>(748,532)</u> | <u>(748,532)</u>  | <u>-</u>                      |
| <b>Net Change in Fund Balance</b>                                    | <u>\$ -</u>      | <u>\$ -</u>      | <u>389,651</u>    | <u>\$ 389,651</u>             |
| <b>Fund Balance, Beginning, Restated</b>                             |                  |                  | <u>58,612</u>     |                               |
| <b>Fund Balance, Ending</b>  |                  |                  | <u>\$ 448,263</u> |                               |

The notes to the basic financial statements are an integral part of this statement.



**Centerville City Corporation**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES – BUDGET AND ACTUAL –**  
**TRANSIT TAX SPECIAL REVENUE FUND**  
**For The Year Ended June 30, 2017**

| <b>Transit Tax Special Revenue Fund</b>                              |                  |             |                   |                               |
|--|------------------|-------------|-------------------|-------------------------------|
|  | Budgeted Amounts |             | Actual<br>Amounts | Variance with<br>Final Budget |
|  | Original         | Final       |                   |                               |
| <b>Revenues:</b>   |                  |             |                   |                               |
| Taxes  | \$ 315,000       | \$ 315,000  | \$ 304,569        | \$ (10,431)                   |
| Intergovernmental  | 525,000          | 525,000     | 743,948           | 218,948                       |
| Miscellaneous  | 1,000            | 1,000       | 13,659            | 12,659                        |
| <b>Total Revenues</b>  | 841,000          | 841,000     | 1,062,176         | 221,176                       |
| <b>Expenditures:</b>   |                  |             |                   |                               |
| Current:   |                  |             |                   |                               |
| Highways and public improvements                                     | -                | -           | 80,388            | (80,388)                      |
| Capital outlay   | 1,101,000        | 1,024,425   | 208,831           | 815,594                       |
| <b>Total Expenditures</b>  | 1,101,000        | 1,024,425   | 289,219           | 735,206                       |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | (260,000)        | (183,425)   | 772,957           | 956,382                       |
| <b>Other Financing Sources (Uses):</b>                               |                  |             |                   |                               |
| Transfers in   | 210,000          | 210,000     | 124,786           | (85,214)                      |
| Transfers out  | -                | (76,575)    | (76,575)          | -                             |
| <b>Total Other Financing Sources<br/>(Uses)</b>                      | 210,000          | 133,425     | 48,211            | (85,214)                      |
| <b>Net Change in Fund Balances</b>                                   | \$ (50,000)      | \$ (50,000) | 821,168           | \$ 871,168                    |
| <b>Fund Balance, Beginning</b>                                       |                  |             | 77,452            |                               |
| <b>Fund Balance, Ending</b>  |                  |             | \$ 898,620        |                               |

The notes to the basic financial statements are an integral part of this statement.

**Centerville City Corporation**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**June 30, 2017**

|  | Business-type Activities - Enterprise Funds |                          |                    |                     | Totals               |
|--|---|--------------------------|--------------------|---------------------|----------------------|
|  | Water Utility<br>Fund                       | Drainage Utility<br>Fund | Sanitation<br>Fund | Telecom<br>Fund     |                      |
| <b>Assets:</b>   |   |                          |                    |                     |                      |
| <b>Current Assets:</b>                                 |   |                          |                    |                     |                      |
| Cash and cash equivalents                              | \$ 164,791                                  | \$ 755,933               | \$ -               | \$ 1,551            | \$ 922,275           |
| Accounts receivable, net                               | 244,368                                     | 118,996                  | 94,459             | 17,672              | 475,495              |
| Inventory  | 304,315                                     | -                        | -                  | -                   | 304,315              |
| Prepays  | 42,542                                      | -                        | -                  | -                   | 42,542               |
| Due from other funds                                   | -   | 48,358                   | -                  | -                   | 48,358               |
| Restricted cash and cash equivalents                   | -   | 39,750                   | -                  | -                   | 39,750               |
| <b>Total Current Assets</b>                            | <b>756,016</b>                              | <b>963,037</b>           | <b>94,459</b>      | <b>19,223</b>       | <b>1,832,735</b>     |
| <b>Noncurrent Assets:</b>                              |   |                          |                    |                     |                      |
| Notes receivable                                       | -   | -                        | -                  | 1,310,571           | 1,310,571            |
| Capital assets not being depreciated:                  |   |                          |                    |                     |                      |
| Water stock and rights                                 | 48,617                                      | -                        | -                  | -                   | 48,617               |
| Land   | 236,909                                     | -                        | -                  | -                   | 236,909              |
| Construction in progress                               | 92,306                                      | 420,727                  | -                  | -                   | 513,033              |
| Capital assets being depreciated:                      |   |                          |                    |                     |                      |
| Buildings  | 3,424,196                                   | -                        | -                  | -                   | 3,424,196            |
| Distribution and collection systems                    | 15,793,000                                  | 4,666,309                | -                  | -                   | 20,459,309           |
| Machinery and equipment                                | 661,147                                     | 152,338                  | -                  | -                   | 813,485              |
| Accumulated depreciation                               | (6,611,271)                                 | (919,484)                | -                  | -                   | (7,530,755)          |
| <b>Total Noncurrent Assets</b>                         | <b>13,644,904</b>                           | <b>4,319,890</b>         | <b>-</b>           | <b>1,310,571</b>    | <b>19,275,365</b>    |
| <b>Total Assets</b>                                    | <b>14,400,920</b>                           | <b>5,282,927</b>         | <b>94,459</b>      | <b>1,329,794</b>    | <b>21,108,100</b>    |
| <b>Deferred Outflows of Resources</b>                  |   |                          |                    |                     |                      |
| Deferred charge on refunding                           | 15,044                                      | 2,464                    | -                  | -                   | 17,508               |
| Deferred outflows of resources relating to pensions    | 120,478                                     | 29,872                   | -                  | -                   | 150,350              |
| <b>Total Deferred Outflows of Resources</b>            | <b>135,522</b>                              | <b>32,336</b>            | <b>-</b>           | <b>-</b>            | <b>167,858</b>       |
| <b>Total Assets and Deferred Outflows of Resources</b> | <b>\$ 14,536,442</b>                        | <b>\$ 5,315,263</b>      | <b>\$ 94,459</b>   | <b>\$ 1,329,794</b> | <b>\$ 21,275,958</b> |

The notes to the basic financial statements are an integral part of this statement.

**Centerville City Corporation**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS (Continued)**  
**June 30, 2017**

|   | Business-type Activities - Enterprise Funds |                       |                  |                     | Totals               |
|---|---|-----------------------|------------------|---------------------|----------------------|
|   | Water Utility Fund                          | Drainage Utility Fund | Sanitation Fund  | Telecom Fund        |                      |
| <b>Liabilities:</b>   |   |                       |                  |                     |                      |
| <b>Current Liabilities:</b>   |   |                       |                  |                     |                      |
| Accounts payable  | \$ 149,937                                  | \$ 117,972            | \$ 76,323        | \$ 5,744            | \$ 349,976           |
| Accrued liabilities   | 9,833                                       | 1,933                 | -                | -                   | 11,766               |
| Accrued interest payable  | 17,666                                      | 5,113                 | -                | -                   | 22,779               |
| Due to other funds  | -   | -                     | 48,358           | -                   | 48,358               |
| Compensated absences, current portion                                     | 40,000                                      | 5,000                 | -                | -                   | 45,000               |
| Notes payable, current portion  | -   | -                     | -                | 97,424              | 97,424               |
| Bonds payable, current portion  | 143,000                                     | 42,000                | -                | -                   | 185,000              |
| <b>Total Current Liabilities</b>  | <b>360,436</b>                              | <b>172,018</b>        | <b>124,681</b>   | <b>103,168</b>      | <b>760,303</b>       |
| <b>Noncurrent Liability:</b>  |   |                       |                  |                     |                      |
| Compensated absences, net of current portion                              | 11,423                                      | 10,551                | -                | -                   | 21,974               |
| Notes payable, current portion  | -   | -                     | -                | 1,213,147           | 1,213,147            |
| Bonds payable, net of current portion                                     | 1,798,910                                   | 525,164               | -                | -                   | 2,324,074            |
| Net pension liability   | 212,317                                     | 42,044                | -                | -                   | 254,361              |
| <b>Total Noncurrent Liability</b>   | <b>2,022,650</b>                            | <b>577,759</b>        | <b>-</b>         | <b>1,213,147</b>    | <b>3,813,556</b>     |
| <b>Total Liabilities</b>  | <b>2,383,086</b>                            | <b>749,777</b>        | <b>124,681</b>   | <b>1,316,315</b>    | <b>4,573,859</b>     |
| <b>Deferred Inflows of Resources</b>                                      |   |                       |                  |                     |                      |
| Deferred inflows of resources relating to pensions                        | 29,038                                      | 5,750                 | -                | -                   | 34,788               |
| <b>Total Deferred Outflows of Resources</b>                               | <b>29,038</b>                               | <b>5,750</b>          | <b>-</b>         | <b>-</b>            | <b>34,788</b>        |
| <b>Net Position:</b>  |   |                       |                  |                     |                      |
| Net investment in capital assets  | 11,702,994                                  | 3,752,726             | -                | -                   | 15,455,720           |
| Restricted for:   |   |                       |                  |                     |                      |
| Future development  | -   | 39,750                | -                | -                   | 39,750               |
| Unrestricted  | 421,324                                     | 767,260               | (30,222)         | 13,479              | 1,171,841            |
| <b>Total Net Position</b>   | <b>12,124,318</b>                           | <b>4,559,736</b>      | <b>(30,222)</b>  | <b>13,479</b>       | <b>16,667,311</b>    |
| <b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b> | <b>\$ 14,536,442</b>                        | <b>\$ 5,315,263</b>   | <b>\$ 94,459</b> | <b>\$ 1,329,794</b> | <b>\$ 21,275,958</b> |

The notes to the basic financial statements are an integral part of this statement.

**Centerville City Corporation**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND**  
**NET POSITION – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2017**

|   | Business-type Activities - Enterprise Funds |                          |                    |                  |                      |
|---|---|--------------------------|--------------------|------------------|----------------------|
|   | Water Utility<br>Fund                       | Drainage Utility<br>Fund | Sanitation<br>Fund | Telecom<br>Fund  | Totals               |
| <b>Operating Revenues:</b>                              |   |                          |                    |                  |                      |
| Charges for services                                    | \$ 2,281,811                                | \$ 1,251,125             | \$ 999,906         | \$ 300,671       | \$ 4,833,513         |
| Connection and servicing                                | 23,946                                      | -                        | 5,610              | -                | 29,556               |
| Miscellaneous   | -   | -                        | 380                | -                | 380                  |
| <b>Total Operating Revenues</b>                         | <u>2,305,757</u>                            | <u>1,251,125</u>         | <u>1,005,896</u>   | <u>300,671</u>   | <u>4,863,449</u>     |
| <b>Operating Expenses:</b>                              |   |                          |                    |                  |                      |
| Salaries and wages                                      | 282,923                                     | 52,714                   | -                  | -                | 335,637              |
| Employee benefits                                       | 153,905                                     | 33,494                   | -                  | -                | 187,399              |
| Maintenance and repairs                                 | 423,967                                     | 245,768                  | 24,368             | -                | 694,103              |
| General and administrative                              | 525,867                                     | 221,260                  | 101,376            | 10,500           | 859,003              |
| Utilities   | 77,542                                      | 2,729                    | -                  | -                | 80,271               |
| Professional and technical services                     | 31,131                                      | 30,892                   | 4,578              | 292,454          | 359,055              |
| Solid waste collection and disposal                     | -   | -                        | 831,908            | -                | 831,908              |
| Water purchases   | 92,265                                      | -                        | -                  | -                | 92,265               |
| Depreciation  | 428,447                                     | 99,091                   | -                  | -                | 527,538              |
| <b>Total Operating Expenses</b>                         | <u>2,016,047</u>                            | <u>685,948</u>           | <u>962,230</u>     | <u>302,954</u>   | <u>3,967,179</u>     |
| <b>Operating Income (Loss)</b>                          | <u>289,710</u>                              | <u>565,177</u>           | <u>43,666</u>      | <u>(2,283)</u>   | <u>896,270</u>       |
| <b>Nonoperating Income (Expense):</b>                   |   |                          |                    |                  |                      |
| Development and construction fees                       | 293,047                                     | 27,409                   | -                  | -                | 320,456              |
| Interest income   | 3,771                                       | -                        | -                  | -                | 3,771                |
| Interest expense  | (52,421)                                    | (18,365)                 | (3,408)            | -                | (74,194)             |
| <b>Total Nonoperating Income (Expense)</b>              | <u>244,397</u>                              | <u>9,044</u>             | <u>(3,408)</u>     | <u>-</u>         | <u>250,033</u>       |
| <b>Income (Loss) Before Transfers and Contributions</b> | 534,107                                     | 574,221                  | 40,258             | (2,283)          | 1,146,303            |
| <b>Transfers in</b>                                     | -   | 177,385                  | -                  | -                | 177,385              |
| <b>Developer Contributions</b>                          | -   | 1,174                    | -                  | -                | 1,174                |
| <b>Changes in Net Position</b>                          | 534,107                                     | 752,780                  | 40,258             | (2,283)          | 1,324,862            |
| <b>Net Position, Beginning, Restated</b>                | <u>11,590,211</u>                           | <u>3,806,956</u>         | <u>(70,480)</u>    | <u>15,762</u>    | <u>15,342,449</u>    |
| <b>Net Position, Ending</b>                             | <u>\$ 12,124,318</u>                        | <u>\$ 4,559,736</u>      | <u>\$ (30,222)</u> | <u>\$ 13,479</u> | <u>\$ 16,667,311</u> |

The notes to the basic financial statements are an integral part of this statement.

**Centerville City Corporation**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2017**

|   | Business-type Activities - Enterprise Funds |                          |                    |                 | Totals             |
|---|---|--------------------------|--------------------|-----------------|--------------------|
|   | Water Utility<br>Fund                       | Drainage Utility<br>Fund | Sanitation<br>Fund | Telecom<br>Fund |                    |
| <b>Cash Flows From Operating Activities:</b>                        |   |                          |                    |                 |                    |
| Receipts from customers and users                                   | \$ 2,259,727                                | \$ 1,249,854             | \$ 1,003,252       | \$ 302,505      | \$ 4,815,338       |
| Payments to suppliers   | (1,059,473)                                 | (519,932)                | (957,380)          | (281,454)       | (2,818,239)        |
| Payments to employees and related benefits                          | (437,240)                                   | (83,695)                 | -                  | -               | (520,935)          |
| <b>Net cash flows from operating activities</b>                     | <u>763,014</u>                              | <u>646,227</u>           | <u>45,872</u>      | <u>21,051</u>   | <u>1,476,164</u>   |
| <b>Cash Flows From Capital and Related Financing Activities:</b>    |   |                          |                    |                 |                    |
| Purchase of property and equipment                                  | (469,556)                                   | (464,646)                | -                  | -               | (934,202)          |
| Receipt of developer construction fees                              | 293,047                                     | 27,409                   | -                  | -               | 320,456            |
| Principal paid on bonds and capital lease                           | (330,000)                                   | (95,000)                 | -                  | -               | (425,000)          |
| Interest paid on bonds and capital lease                            | (57,041)                                    | (19,917)                 | (3,408)            | -               | (80,366)           |
| <b>Net cash flows from capital and related financing activities</b> | <u>(563,550)</u>                            | <u>(552,154)</u>         | <u>(3,408)</u>     | <u>-</u>        | <u>(1,119,112)</u> |
| <b>Cash Flows From Non-Capital Financing Activities:</b>            |   |                          |                    |                 |                    |
| Receipts (payments) of loans from other funds                       | (561,924)                                   | 513,566                  | (42,464)           | (19,500)        | (110,322)          |
| Financing of long-term pension obligation                           | 11,433                                      | 2,264                    | -                  | -               | 13,697             |
| Transfers from other funds  | -   | 177,385                  | -                  | -               | 177,385            |
| Developer Contributions   | -   | 1,174                    | -                  | -               | 1,174              |
| <b>Net cash flows from non-capital financing activities</b>         | <u>(550,491)</u>                            | <u>694,389</u>           | <u>(42,464)</u>    | <u>(19,500)</u> | <u>81,934</u>      |
| <b>Cash Flows From Investing Activity:</b>                          |   |                          |                    |                 |                    |
| Interest on investments   | 3,771                                       | -                        | -                  | -               | 3,771              |
| <b>Net cash flows from investing activity</b>                       | <u>3,771</u>                                | <u>-</u>                 | <u>-</u>           | <u>-</u>        | <u>3,771</u>       |
| <b>Net Increase (Decrease) In Cash</b>                              | (347,256)                                   | 788,462                  | -                  | 1,551           | 442,757            |
| <b>Cash and Cash Equivalents At Beginning Of Year, Restated</b>     | <u>512,047</u>                              | <u>7,221</u>             | <u>-</u>           | <u>-</u>        | <u>519,268</u>     |
| <b>Cash and Cash Equivalents At End Of Year</b>                     | <u>\$ 164,791</u>                           | <u>\$ 795,683</u>        | <u>\$ -</u>        | <u>\$ 1,551</u> | <u>\$ 962,025</u>  |

The notes to the basic financial statements are an integral part of this statement.

**Centerville City Corporation**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)**  
**For The Year Ended June 30, 2017**

|   | Business-type Activities - Enterprise Funds |                          |                         |                         |                            |
|---|---|--------------------------|-------------------------|-------------------------|----------------------------|
|   | Water Utility<br>Fund                       | Drainage Utility<br>Fund | Sanitation<br>Fund      | Telecom<br>Fund         | Totals                     |
| <b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b> |   |                          |                         |                         |                            |
| Operating income (loss)   | \$ 289,710                                  | \$ 565,177               | \$ 43,666               | \$ (2,283)              | \$ 896,270                 |
| Adjustments to reconcile operating income (loss) to net cash flows from operating activities: |   |                          |                         |                         |                            |
| Depreciation expense  | 428,446                                     | 99,091                   | -                       | -                       | 527,537                    |
| (Increase) Decrease in accounts receivables   | (46,030)                                    | (1,271)                  | (2,644)                 | 1,834                   | (48,111)                   |
| (Increase) Decrease in prepaids   | 2,996                                       | -                        | -                       | 15,756                  | 18,752                     |
| Increase (Decrease) in accounts payable   | 88,303                                      | (19,283)                 | 4,850                   | 5,744                   | 79,614                     |
| Increase (Decrease) in accrued liabilities  | 9,833                                       | 1,933                    | -                       | -                       | 11,766                     |
| Increase (Decrease) in paid time off payable  | (10,244)                                    | 580                      | -                       | -                       | (9,664)                    |
| <b>Net cash from operating activities</b>   | <b><u>\$ 763,014</u></b>                    | <b><u>\$ 646,227</u></b> | <b><u>\$ 45,872</u></b> | <b><u>\$ 21,051</u></b> | <b><u>\$ 1,476,164</u></b> |
| <b>Noncash investing, capital, and financing activities:</b>                                  |   |                          |                         |                         |                            |
| Noncash additions to notes payable  | \$ -  | \$ -                     | \$ -                    | \$ 64,800               | \$ 64,800                  |

The notes to the basic financial statements are an integral part of this statement.

**Centerville City Corporation**  
**STATEMENT OF NET POSITION – FIDUCIARY FUND**  
**June 30, 2017**

|  | Whitaker Trust<br>Fund |
|--|------------------------|
| <b>Assets:</b>                                   |                        |
| Cash and cash equivalents                        | \$ 32,906              |
| Capital assets, net of accumulated depreciation: |                        |
| Infrastructure                                   | 21,305                 |
| <b>Total Assets</b>                              | 54,211                 |
| <b>Liabilities:</b>                              |                        |
| Accounts payable                                 | 8,872                  |
| <b>Total Liabilities</b>                         | 8,872                  |
| <b>Net Position:</b>                             |                        |
| Unrestricted                                     | 45,339                 |
| <b>Total Net Position</b>                        | \$ 45,339              |

The notes to the basic financial statements are an integral part of this statement.

**Centerville City Corporation**  
**STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUND**  
**For the Year Ended June 30, 2017**

|  | Whitaker Trust<br>Fund |
|--|------------------------|
| <b>Additions</b>                       |                        |
| Miscellaneous                          |                        |
| Donations                              | \$ 1,578               |
| Rental income                          | 4,941                  |
|  | 6,519                  |
| <b>Total additions</b>                 | <b>6,519</b>           |
| <b>Deductions</b>                      |                        |
| Administrative                         | 56,693                 |
| Depreciation                           | 2,237                  |
|  | 58,930                 |
| <b>Total deductions</b>                | <b>58,930</b>          |
| <b>Other Financing Sources (Uses):</b> |                        |
| Transfers in                           | 53,205                 |
|  | 53,205                 |
| <b>Total Other Financing Sources</b>   | <b>53,205</b>          |
| <b>Changes in Net Position</b>         | <b>794</b>             |
| <b>Net Position, Beginning</b>         | <b>44,545</b>          |
| <b>Net Position, Ending</b>            | <b>\$ 45,339</b>       |

The notes to the basic financial statements are an integral part of this statement.



## **Centerville City Corporation**

### **NOTES TO FINANCIAL STATEMENTS**

#### **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Centerville City (the City) was incorporated in 1915 under the provisions of the State of Utah and operates under a mayor-council form of government. The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The more significant accounting policies established in GAAP and used by the City are discussed below.

##### **A. The Reporting Entity**

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.

##### **B. Basis of Presentation - Government-Wide Financial Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's general government services, public safety, streets and public works, parks and recreation, and community development are classified as governmental activities. The City's water utility, drainage utility, sanitation, and telecom funds are classified as business-type activities.

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. All fiduciary activities are reported only in the fund financial 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.

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Government-Wide Financial Statements (Continued)**

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.

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 other funds for providing 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.

**C. Basis of Presentation – Fund Financial Statements**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues, and expenditures or expenses as appropriate.

The fund financial statements provide information about the government's funds, including its fiduciary fund and blended component units. Separate statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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 those accounted for in another fund.

The Redevelopment Agency Special Revenue Fund was established account for tax increment revenues used revitalize and upgrade areas within qualifiscal yearing redevelopment areas within the City.

The Transit Tax Special Revenue Fund accounts for the financial resources to be used for road projects.

The UTOPIA Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of facilities, projects, and infrastructure (other than those financed by Proprietary funds and Special Revenue funds) including payments to the Utah Telecommunication Open Infrastructure Agency.

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Fund Financial Statements (Continued)**

The City reports the following major enterprise funds:

The Water Utility Fund accounts for the activities and operations of the of the City’s water production, treatment, and distribution process.

The Drainage Utility Fund accounts for storm drain collection activities in the City.

The Sanitation Fund accounts for garbage and recycling collection activities in the City.

The Telecom Fund accounts for the collection and remittance of payments on notes between City residents, the City, and Utah Infrastructure Agency used to finance fiber-optic network connections.

Additionally, the City reports the following fund types:

The Whitaker Trust Fiduciary Fund is used to account for the activities of a pioneer home museum.

Special revenue funds account for and report the proceeds of specific revenue sources that are the foundation of the fund and are restricted or committed to expenditure for specified purposes other than debt or capital projects. Accounting and financial reporting for general and special revenue funds are identical. The City accounts for the Municipal Building Authority, Recreation fund, R.A.P. Tax, Cemetery Perpetual Care, and Transit Tax as special revenue funds.

Debt service funds account for and report the financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The City accounts for the Special Improvement District (SID) 400 North, SID Chase Lane, and SID Porter Lane as debt service funds.

Capital projects funds account for the financial resources to be used for the acquisition or construction of the major capital facilities of the government. The City accounts for the Storm Drain and Park Improvements funds as capital projects funds.

**D. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary 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 revenue in the year for which they became available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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.

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. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal 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 termination benefits, are recorded only when payment is due. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, Sales 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.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**Cash and Cash Equivalents**

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents includes restricted cash and cash equivalents.

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, including the Utah Public Treasurer's Investment Pool (PTIF). City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, PTIF, and other investments allowed by the State of Utah's Money Management Act. Investments in PTIF are stated as cost, which approximates fair value.

The City categorizes the fair value measurements of its PTIF investments based on the hierarchy established by general accepted accounting principles. The fair value hierarchy, which has three levels, is based on valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Fair value measurements of the City's investments in PTIF at June 30, 2017, of \$3,620,348 are based on significant other observable inputs (Level 2 inputs).

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**Accounts Receivable and Allowance for Doubtful Accounts**

The City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at year-end were estimated based on July billings are included in the operating revenues and accounts receivable at year-end.

Management has estimated the allowance for uncollectible amounts for the Water Utility Fund, Drainage Utility Fund, and Sanitation Fund receivables to be approximately \$22,000, \$2,000, and \$6,000, respectively. The allowance for doubtful accounts is estimated based on historical trends related to collections of accounts receivable. Amounts that become uncollectible are written off.

The City considers all other receivables to be fully collectible.

**Inventories and Prepaid Items**

Inventories are valued at cost, using the first-in first-out (FIFO) method and consist of materials and supplies used to repair the transmission, distribution, collection, and treatment systems. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchases.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**Interfund Transactions**

During the course of normal operations, the City has transactions between funds to subsidize operations in certain enterprise funds, to construct assets, to fund debt service, to distribute grant proceeds, etc. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in the business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfer in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**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 government as assets with an initial, individual cost of more than \$5,000 (amount not rounded). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. Amortization of capital assets acquired with a capital lease has been included in depreciation expense. 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.

Land, water rights, and construction in process are not depreciated. The other property, plant, equipment, and infrastructure of the City are depreciated using the straight line method over the following estimated useful lives:

|   |                |
|---|----------------|
| Buildings                               | 10 to 50 years |
| Reservoirs                              | 10 to 50 years |
| Infrastructure and distribution systems | 20 to 50 years |
| Machinery and Equipment                 | 5 to 7 years   |
| Autos and trucks                        | 5 to 10 years  |

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The City reports deferred charges on refunding and deferred outflows related to pensions in this category. Deferred charges on refunding are the result of a difference in carrying value of the new debt and the reacquisition price of the old debt. The amount is deferred and amortized over the shorter of the life of the refunded debt or the new debt. Deferred outflows related to pensions result from the differences in the estimates used to calculate the net pension liability and asset reported in each fund, as well as any pension contributions made after the pension actuarial measurement date and the end of the fiscal year.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred inflows from property taxes and deferred inflows related to pensions in this category. Deferred inflows for property taxes are the result of property taxes levied during the fiscal year, but are unavailable and have not met time requirements to be recognized as revenue during the fiscal year. Deferred inflows related to pensions result from the differences in the estimates used to calculate the net pension liability and asset reported in each fund.

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**Developer and Customer Deposits**

Developer and customer deposits are principally deposits from developers that are held by the City until building projects and developments receive the required City inspections and are in compliance with all City ordinances.

**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. Vacation, all-purpose, and long-term sick amounts are charged to expenditures when incurred.

Employees accumulate vacation leave with a maximum accumulation of 240 hours. Any hours in excess of 240 at the end of the year are forfeited. Employees accumulate all-purpose leave hours without limitation. Any hours in excess of 300 are cashed out to the employee on the first payroll of the next fiscal year. Employees accumulate long-term sick hours with no limitations. Employees are paid out hours that are remaining in vacation and all-purpose leave at their current rate of pay. Long-term sick hours are cashed out only upon retirement or 20 years of continuous full-time employment. The cash-out rate is one-fourth of the accrued hours.

**Long-Term Obligations**

In the government-wide financial statements and proprietary fund types, 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 position. 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.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS), and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by the URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)**

**Fund Equity**

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned.

*Nonspendable* fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to remain intact.

*Restricted* fund balance classification includes amounts with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) law through constitutional provisions or enabling legislations.

*Committed* fund balance classification include those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the Council (ordinances or resolutions) and remain binding unless removed in the same manner.

*Assigned* fund balance classification includes amounts that are constrained by the City Council or Management's intent to be used for specific purposes through the appropriations process in establishing and amending budgets. Fund balances in special revenue, capital projects, and debt service funds are by their nature assigned to the purpose for which the resources are collected.

*Unassigned* fund balance classification is the residual classification for the General Fund or funds with deficit fund balances. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

**Use of Restricted Assets**

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Additionally, the City would then use committed, assigned and lastly unassigned amounts from the unrestricted fund balance when expending funds.

**Estimates and Assumptions**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.



**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Revenues and Expenditures/Expenses**

**Program Revenues**

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. General revenues include all taxes.

**Tax Revenues**

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget must be done before August 17. All property taxes levied by the City are assessed and collected by Salt Lake County. Property taxes attach as an enforceable lien on the property as of January 1. Taxes are levied on October 1 and are due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. Tax liens are placed on a property on the January 1 following the due date of unpaid taxes. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly.

Franchise taxes are collected by telephone, mobile phone, natural gas, electric utilities, and cable television companies and remitted to the City periodically.

**Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 the enterprise funds are charges to customers of the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

**Budgetary Process and Basis of Accounting**

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.

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

**A. Budgetary Information (Continued)**

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. For the year ended June 30, 2017, the recreation special revenue fund had expenditures in excess of final budgeted appropriations of \$13,150.

**B. Fund Balance**

Utah State law prohibits the appropriation of the sum of unassigned, assigned, and committed General Fund balance until it exceeds 5% of the General Fund revenues. Until the sum of the stated fund balance categories is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures and to cover unanticipated deficits. Utah State law also prohibits the accumulation of the stated fund balance categories in any amount greater than 25% of the current year's total revenues. Any fund with a deficit balance at the end of the most recent fiscal year must include an appropriation of at least 5% of revenues to reduce the fund deficit.

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Cash and Investments**

The City maintains a cash and investment pool that is available for use by all funds. Investments are stated at cost, which approximate fair value. Each fund's portion of this pool is displayed on the combined balance sheet as "cash and cash equivalents" and "restricted cash and cash equivalents," which includes cash accounts that are separately held by several of the City's funds.

The City's deposit and investment policy is to follow the Utah Money Management Act; however, the City does not have a separate deposit and investment policy that addresses specific types of deposit and investment risks to which the City is exposed.

Components of cash and investments (including interest earning deposits) at June 30, 2017 are as follows:

**Cash on hand and on deposit:**

|                 |                  |
|-----------------|------------------|
| Petty Cash      | \$ 1,004         |
| Cash on Deposit | 199,829          |
| PTIF Investment | <u>3,620,348</u> |

**Total cash and investments** \$ 3,821,181

**Cash and investments are included in the accompanying combined statement of net position as follows:**

|                                      |               |
|--------------------------------------|---------------|
| Cash and cash equivalents            | \$ 1,184,573  |
| Restricted cash and cash equivalents | 2,603,702     |
| Fiduciary fund cash                  | <u>32,906</u> |

**Total cash and investments** \$ 3,821,181

The City's cash and cash equivalents and investments are exposed to certain risks as outlined below:

*Custodial credit risk* – deposits is the risk that in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2017, \$50,416 of the City's \$300,416 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial credit risk* – investments is the risk that in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

*Credit risk* is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for limiting the credit risks of investments is to comply with the Utah Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard and Poors; banker acceptance obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**A. Cash and Investments (Continued)**

securities rated “A” or higher by two nationally recognized statistical rating organizations as defined by the Act.

*Interest rate risk* is the risk that changes in the interest rates will adversely affect the fair value of an investment. The City manages its exposure by investing mainly in the Utah Public Treasurer’s Investment Fund and by adhering to the Utah Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested.

*Concentration of credit risk* is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The City’s investment in the Utah Public Treasurer’s Investment Fund has no concentration of credit risk.

The City invests in the Public Treasurer’s Investment Fund (PTIF) which is a voluntary external Local Governmental Investment Pool managed by the Utah State Treasurer’s Office and is audited by the Utah State Auditor. No separate report as an external investment pool has been issued for the PTIF. The PTIF is not registered with the SEC as an investment company and is not rated. The PTIF is authorized and regulated by the Utah Money Management Act, (Utah Code Title 51, Chapter 7). The PTIF invests in high-grade securities which are delivered to the custody of the Utah State Treasurer, assuring a perfected interest in the securities, and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. The maximum weighted average life of the portfolio does not exceed 90 days.

Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. 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 to participants on the ratio of the participant’s share to the total funds in the PTIF based on the participant’s average daily balance. The PTIF allocates income and issues statements on a monthly basis. Additional information is available at the Utah State Treasures’ Office.

For the year ended June 30, 2017, the City had investments of \$3,620,348 with the PTIF. This investment matures in less than one year and is not rated.

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**A. Cash and Investments (Continued)**

At June 30, 2017, the City had the following cash and investments:

|  | <u>Carrying<br/>Value</u> | <u>Fair Value<br/>Factor</u> | <u>Fair Value</u>  | <u>Credit<br/>Rating</u> | <u>Weighted Avg.<br/>Maturity (Years)</u> |
|--|---------------------------|------------------------------|--------------------|--------------------------|---|
| <b>Cash on hand and on deposit:</b>                |                           |                              |                    |                          |   |
| Cash on hand                                       | \$ 1,004                  | 1                            | \$ 1,004           | N/A                      | N/A                                       |
| Cash on deposit                                    | 199,829                   | 1                            | 199,829            | N/A                      | N/A                                       |
| Utah State Treasurer's investment<br>pool accounts | <u>3,620,348</u>          | 1.004719                     | <u>3,637,433</u>   | N/A                      | N/A                                       |
| <b>Total cash on hand and deposit</b>              | <u>\$3,821,181</u>        |                              | <u>\$3,838,266</u> |                          |   |

**B. Interfund Receivables, Payables, and Transfers**

Interfund receivable (due from) and payable (due to) balances as of June 30, 2017, are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u>    |
|------------------------|---------------------|------------------|
| Drainage Utility Fund  | Sanitation Fund     | \$ 48,358        |
|                        |                     | <u>\$ 48,358</u> |

The due to/from other funds are the result of individual funds' cash flow needs and are expected to be repaid within the subsequent year.

The transfers among the funds for the year ended June 30, 2017, were as follows:

| <u>Fund Transferring Out</u> | <u>Fund Receiving Transfer</u> | <u>Amount</u>       |
|------------------------------|--------------------------------|---------------------|
| General Fund                 | Nonmajor Governmental Funds    | \$ 58,700           |
| General Fund                 | Transit Tax Fund               | 124,786             |
| General Fund                 | UTOPIA Capital Projects Fund   | 267,953             |
| General Fund                 | Fiduciary Fund                 | 37,425              |
| Redevelopment Agency         | UTOPIA Capital Projects Fund   | 155,520             |
| Redevelopment Agency         | Arts Center Debt Service Fund  | 593,012             |
| Transit Tax Fund             | UTOPIA Capital Projects Fund   | 76,575              |
| Nonmajor Governmental Funds  | Drainage Utility Fund          | 177,385             |
| Nonmajor Governmental Funds  | Nonmajor Governmental Funds    | 19,430              |
| Nonmajor Governmental Funds  | General Fund                   | 19,180              |
| Nonmajor Governmental Funds  | Fiduciary Fund                 | <u>15,780</u>       |
|                              |                                | <u>\$ 1,545,746</u> |

The transfers were intended to fund debt service, capital projects, and close out funds not in use.

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2017, is as follows:

|   | <b>Balance</b><br><b>June 30, 2016</b> | <b>Additions</b>   | <b>Deletions</b>    | <b>Balance</b><br><b>June 30, 2017</b> |
|---|--|--------------------|---------------------|--|
| <b>Governmental Activities:</b>             |  |                    |                     |  |
| Capital assets, not being depreciated:      |  |                    |                     |  |
| Land and collectibles                       | \$ 7,785,731                           | \$ -               | \$ (140,431)        | \$ 7,645,300                           |
| Construction in progress                    | 824,836                                | 385,438            | (294,851)           | 915,423                                |
| Total capital assets, not being depreciated | <u>8,610,567</u>                       | <u>385,438</u>     | <u>(435,282)</u>    | <u>8,560,723</u>                       |
| Capital assets, being depreciated:          |  |                    |                     |  |
| Buildings and improvements                  | 18,627,847                             | -                  | -                   | 18,627,847                             |
| Infrastructure                              | 8,018,837                              | 241,127            | -                   | 8,259,964                              |
| Machinery and equipment                     | 2,875,913                              | 95,423             | (9,810)             | 2,961,526                              |
| Autos and trucks                            | 2,615,035                              | 248,778            | (106,115)           | 2,757,698                              |
| Total capital assets, being depreciated     | <u>32,137,632</u>                      | <u>585,328</u>     | <u>(115,925)</u>    | <u>32,607,035</u>                      |
| Less accumulated depreciation for:          |  |                    |                     |  |
| Buildings and improvements                  | (4,071,576)                            | (455,938)          | -                   | (4,527,514)                            |
| Infrastructure                              | (1,197,159)                            | (180,403)          | -                   | (1,377,562)                            |
| Machinery and equipment                     | (1,592,748)                            | (167,383)          | -                   | (1,760,131)                            |
| Autos and trucks                            | (1,755,133)                            | (230,713)          | 63,004              | (1,922,842)                            |
| Total accumulated depreciation              | <u>(8,616,616)</u>                     | <u>(1,034,437)</u> | <u>63,004</u>       | <u>(9,588,049)</u>                     |
| Total capital assets being depreciated, net | <u>23,521,016</u>                      | <u>(449,109)</u>   | <u>(52,921)</u>     | <u>23,018,986</u>                      |
| Governmental Activities capital assets, net | <u>\$ 32,131,583</u>                   | <u>\$ (63,671)</u> | <u>\$ (488,203)</u> | <u>\$ 31,579,709</u>                   |

Depreciation expense was charged to the functions/programs of the governmental activities of the primary government as follows:

|  |                     |
|--|---------------------|
| <b>Governmental Activities:</b>                      |                     |
| General government                                   | \$ 633,524          |
| Public safety  | 73,944              |
| Highways and public improvements                     | 168,156             |
| Parks and recreation                                 | <u>158,813</u>      |
| Total depreciation expense - governmental activities | <u>\$ 1,034,437</u> |

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**C. Capital Assets (Continued)**

|  | Balance<br>June 30, 2016 | Additions         | Deletions           | Balance<br>June 30, 2017 |
|--|--------------------------|-------------------|---------------------|--------------------------|
| <b>Business-type Activities:</b>             |                          |                   |                     |                          |
| Capital assets, not being depreciated:       |                          |                   |                     |                          |
| Water stock and rights                       | \$ 48,617                | \$ -              | \$ -                | \$ 48,617                |
| Land   | 236,909                  | -                 | -                   | 236,909                  |
| Construction in progress                     | 44,066                   | 744,061           | (275,093)           | 513,034                  |
| Total capital assets, not being depreciated  | 329,592                  | 744,061           | (275,093)           | 798,560                  |
| Capital assets, being depreciated:           |                          |                   |                     |                          |
| Buildings and improvements                   | 3,424,196                | -                 | -                   | 3,424,196                |
| Reservoirs                                   | 984,857                  | -                 | -                   | 984,857                  |
| Water distribution system                    | 14,438,604               | 369,539           | -                   | 14,808,143               |
| Sub-drain system                             | 2,046,416                | -                 | -                   | 2,046,416                |
| Storm drain system                           | 2,558,285                | 61,607            | -                   | 2,619,892                |
| Machinery and equipment                      | 779,398                  | 34,087            | -                   | 813,485                  |
| Total capital assets, being depreciated      | 24,231,756               | 465,233           | -                   | 24,696,989               |
| Less accumulated depreciation for:           |                          |                   |                     |                          |
| Buildings and improvements                   | (856,478)                | (70,662)          | -                   | (927,140)                |
| Reservoirs                                   | (759,023)                | (12,596)          | -                   | (771,619)                |
| Water distribution system                    | (4,164,973)              | (288,114)         | -                   | (4,453,087)              |
| Sub-drain system                             | (349,179)                | (40,928)          | -                   | (390,107)                |
| Storm drain system                           | (252,878)                | (52,240)          | -                   | (305,118)                |
| Machinery and equipment                      | (620,686)                | (62,998)          | -                   | (683,684)                |
| Total accumulated depreciation               | (7,003,217)              | (527,538)         | -                   | (7,530,755)              |
| Total capital assets being depreciated, net  | 17,228,539               | (62,305)          | -                   | 17,166,234               |
| Business-type Activities capital assets, net | <u>\$ 17,558,131</u>     | <u>\$ 681,756</u> | <u>\$ (275,093)</u> | <u>\$ 17,964,794</u>     |

Depreciation expense was charged to the functions/programs of the business-type activities of the primary government as follows:

|   |                   |
|---|-------------------|
| <b>Business-type Activities:</b>                      |                   |
| Water   | \$ 428,447        |
| Drainage  | 99,091            |
| Total depreciation expense - business-type activities | <u>\$ 527,538</u> |

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**C. Capital Assets (Continued)**

|   | <b>Balance</b><br><b>June 30, 2016</b> | <b>Additions</b>  | <b>Deletions</b> | <b>Balance</b><br><b>June 30, 2017</b> |
|---|--|-------------------|------------------|--|
| <b>Fiduciary Fund:</b>                      |  |                   |                  |  |
| Capital assets, being depreciated:          |  |                   |                  |  |
| Machinery and equipment                     | \$ 23,542                              | \$ -              | \$ -             | \$ 23,542                              |
| Total capital assets, being depreciated     | <u>23,542</u>                          | <u>-</u>          | <u>-</u>         | <u>23,542</u>                          |
| Less accumulated depreciation for:          |  |                   |                  |  |
| Machinery and equipment                     | -                                      | (2,237)           | -                | (2,237)                                |
| Total accumulated depreciation              | <u>-</u>                               | <u>(2,237)</u>    | <u>-</u>         | <u>(2,237)</u>                         |
| Total capital assets being depreciated, net | <u>23,542</u>                          | <u>(2,237)</u>    | <u>-</u>         | <u>21,305</u>                          |
| Fiduciary Fund capital assets, net          | <u>\$ 23,542</u>                       | <u>\$ (2,237)</u> | <u>\$ -</u>      | <u>\$ 21,305</u>                       |

Depreciation expense in the fiduciary fund was \$2,237 for the year ended June 30, 2017.



**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**D. Long-Term Liabilities**

The following is a summary of long-term debt transactions of the City for the year ended June 30, 2017:

|  | <u>Balance<br/>June 30, 2016</u> | <u>Additions</u>  | <u>Retirements</u>    | <u>Balance<br/>June 30, 2017</u> | <u>Due Within<br/>One Year</u> |
|--|----------------------------------|-------------------|-----------------------|----------------------------------|--------------------------------|
| <b>Governmental Activities:</b>                      |                                  |                   |                       |                                  |                                |
| Bonds payable:                                       |                                  |                   |                       |                                  |                                |
| Revenue bonds  | \$ 2,655,000                     | \$ -              | \$ (495,000)          | \$ 2,160,000                     | \$ 510,000                     |
| Plus: unamortized premium                            | 198,040                          |                   | (39,609)              | 158,431                          | -                              |
| Total bonds payable                                  | 2,853,040                        | -                 | (534,609)             | 2,318,431                        | 510,000                        |
| Capital leases                                       | 88,100                           | -                 | (43,626)              | 44,474                           | 44,477                         |
| Compensated absences                                 | 602,587                          | 219,304           | (271,730)             | 550,161                          | 260,000                        |
| Termination benefits                                 | 36,292                           |                   | (5,965)               | 30,327                           | 6,244                          |
| Outstanding claims                                   | 92,800                           | 26,847            | (17,832)              | 101,815                          | 31,963                         |
| Net pension liability                                | 2,224,763                        | 384,713           | -                     | 2,609,476                        | -                              |
| Total Governmental activities long-term liabilities  | <u>5,897,582</u>                 | <u>630,864</u>    | <u>(873,762)</u>      | <u>5,654,684</u>                 | <u>852,684</u>                 |
| <b>Business-type Activities:</b>                     |                                  |                   |                       |                                  |                                |
| Bonds payable:                                       |                                  |                   |                       |                                  |                                |
| Revenue bonds  | 2,750,000                        | -                 | (425,000)             | 2,325,000                        | 185,000                        |
| Plus: unamortized premium                            | 187,776                          | -                 | (3,702)               | 184,074                          | -                              |
| Total bonds payable                                  | 2,937,776                        | -                 | (428,702)             | 2,509,074                        | 185,000                        |
| Notes payable  | 1,442,825                        | 64,800            | (197,054)             | 1,310,571                        | 97,424                         |
| Compensated absences                                 | 76,642                           | 40,996            | (50,664)              | 66,974                           | 45,000                         |
| Net pension liability                                | 227,996                          | 26,365            | -                     | 254,361                          | -                              |
| Total Business-type activities long-term liabilities | <u>4,685,239</u>                 | <u>132,161</u>    | <u>(676,420)</u>      | <u>4,140,980</u>                 | <u>327,424</u>                 |
| long-term liabilities                                | <u>\$ 10,582,814</u>             | <u>\$ 763,025</u> | <u>\$ (1,550,182)</u> | <u>\$ 9,795,664</u>              | <u>\$ 1,180,108</u>            |

**Revenue Bonds**

The City has issued revenue bonds secured by the pledged revenues named in the bond issue. Revenue bonds outstanding at June 30, 2017, by issue are as follows:

| <u>Bond Issue</u>                          | <u>Purpose</u>            | <u>Original Issue</u> | <u>Payment Dates</u> | <u>Interest Rates</u> | <u>Final Maturity Date</u> | <u>Balance at June 30, 2017</u> |
|--|---------------------------|-----------------------|----------------------|-----------------------|----------------------------|---------------------------------|
| <b>Governmental Activities:</b>            |                           |                       |                      |                       |                            |                                 |
| Sales Tax Revenue Bonds, Series 2009       | Arts Center               | \$ 11,655,000         | Nov 1 and May 1      | 3% - 4%               | May 1, 2021                | \$ 2,160,000                    |
| <b>Business-type Activities:</b>           |                           |                       |                      |                       |                            |                                 |
| Water Revenue Refunding Bonds, Series 2012 | Water system improvements | \$ 4,210,000          | Sept 1 and Mar 1     | 2% - 4%               | Sept 1, 2031               | \$ 2,325,000                    |

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**D. Long-Term Liabilities (Continued)**

Debt service requirements to maturity for revenue bonds are as follows:

| Year Ending<br>June 30, | <b>Governmental Activities<br/>Revenue Bonds</b> |                   |
|-------------------------|--|-------------------|
|                         | Principal  | Interest          |
| 2018                    | 510,000  | 78,188            |
| 2019                    | 530,000  | 60,338            |
| 2020                    | 550,000  | 40,463            |
| 2021                    | 570,000  | 20,663            |
|                         | <b>\$ 2,160,000</b>                              | <b>\$ 199,652</b> |

| Year Ending<br>June 30, | <b>Business-type Activities<br/>Revenue Bonds</b> |                   |
|-------------------------|---|-------------------|
|                         | Principal   | Interest          |
| 2018                    | 185,000   | 66,256            |
| 2019                    | 265,000   | 60,863            |
| 2020                    | 285,000   | 53,988            |
| 2021                    | 305,000   | 46,613            |
| 2022                    | 100,000   | 41,550            |
| 2023-2027               | 545,000   | 160,775           |
| 2028-2032               | 640,000   | 69,623            |
|                         | <b>\$ 2,325,000</b>                               | <b>\$ 499,668</b> |

**Capital Leases**

In 2014, the City purchased a dump truck financed by a capital lease with interest at 2.4%. Principal and interest is due in annual installments of \$45,344 with the final payment due April 2, 2018. Debt service payments will be made from the general fund revenues. The annual debt service requirements to maturity, including principal and interest, as of June 30, 2017 are as follows:

| Year Ending<br>June 30,                     | <b>Governmental<br/>Activities Total</b> |
|---|--|
| 2018  | 45,345                                   |
| Total minimum lease payments                | 45,345                                   |
| Less: amount representing interest          | (871)                                    |
| Present value of net minimum lease payments | <b>\$ 44,474</b>                         |

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**D. Long-Term Liabilities (Continued)**

Assets acquired by capital lease at June 30, 2017 are as follows:

|                                | <b>Governmental<br/>Activities</b> |
|--------------------------------|------------------------------------|
| Asset:                         |                                    |
| Equipment                      | \$ 215,813                         |
| Less: accumulated depreciation | (92,491)                           |
| Total                          | \$ 123,322                         |

**Notes Payable**

The City has signed notes with Utah Infrastructure Agency with interest rates at 6-8%. Principal and interest is due in monthly installments with the final note maturing in July 2036. The notes were issued to finance fiber-optic network connections for the City's residents. Debt service payments will be paid by the residents according to the agreement set up between the City and the residents, which mirrors the agreement between the City and Utah Infrastructure Agency. The annual debt service requirements to maturity as of June 30, 2017 are as follows:

| Year Ending<br>June 30, | <b>Business-type Activities<br/>Notes Payable</b> |            |
|-------------------------|---|------------|
|                         | Principal   | Interest   |
| 2018                    | 97,424  | 93,136     |
| 2019                    | 104,068   | 86,492     |
| 2020                    | 111,175   | 79,385     |
| 2021                    | 118,777   | 71,783     |
| 2022                    | 120,238   | 63,752     |
| 2023-2027               | 325,496   | 235,844    |
| 2028-2032               | 383,385   | 103,490    |
| 2033-2037               | 50,008  | 9,518      |
|                         | \$ 1,310,571                                      | \$ 743,400 |

**Compensated Absences**

The liability for compensated absences is expected to be liquidated by the general fund for governmental activities. For business-type activities, the liability will be liquidated by the fund reporting the liability.

**Termination Benefits**

The City has allowed employees who retire with banked sick leave and other compensated absences the option of receiving medical insurance coverage through the City's health insurance provider in lieu of payout. As of June 30, 2017, there was 1 employee who elected to remain on the City's health insurance at retirement. The termination benefit liability is the balance available for payment on health insurance premiums and approximates the present value of estimated future insurance premium costs discounted using a 2% rate and a health cost trend rate of 2.5% compounding over the period of availability. The liability for termination benefits is expected to be liquidated by the general fund by June 30, 2020.

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**E. Pensions**

**Plan Description**

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

- Public Employees Noncontributory Retirement System (Noncontributory System) and Public Employees Contributory Retirement System (Contributory System) are multiple employer, cost sharing, public employee retirement systems.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system;
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and the Tier 2 Public Safety and Firefighter Contributory System (Tier 2 Public Safety and Firefighters System) are multiple employer, cost sharing, public employee retirement systems.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The System's defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S. Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

**Benefits Provided**

URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

**Summary of Benefits by System**

| <u>System</u>          | <u>Final Average Salary</u> | <u>Years of Service required and/or age eligible for benefit</u>                                | <u>Benefit percent per year of service</u>                            | <u>COLA**</u> |
|------------------------|-----------------------------|---|---|---------------|
| Noncontributory System | Highest 3 years             | 30 years any age<br>25 years any age*<br>20 years age 60*<br>10 years age 62*<br>4 years age 65 | 2.0% per year all years   | Up to 4%      |
| Contributory System    | Highest 5 years             | 30 years any age<br>25 years any age*<br>20 years age 60*<br>10 years age 62*<br>4 years age 65 | 1.25% per year up to June 1975;<br>2.0% per year July 1975 to present | Up to 4%      |

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**E. Pensions (Continued)**

| System                                      | Final Average Salary | Years of Service required and/or age eligible for benefit                      | Benefit percent per year of service                          | COLA**                                     |
|---|----------------------|--|--|--|
| Public Safety System                        | Highest 3 years      | 20 years any age<br>10 years age 60<br>4 years age 65                          | 2.5% per year up to 20 years;<br>2.0% per year over 20 years | Up to 2.5% to 4% depending on the employer |
| Tier 2 Public Employees System              | Highest 5 years      | 35 years any age<br>20 years any age 60*<br>10 years age 62*<br>4 years age 65 | 1.5% per year all years                                      | Up to 2.5%                                 |
| Tier 2 Public Safety and Firefighter System | Highest 5 years      | 25 years any age<br>20 years any age 60*<br>10 years age 62*<br>4 years age 65 | 1.5% per year all years                                      | Up to 2.5%                                 |

\* With actuarial reductions

\*\* All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

**Contributions**

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2017 are as follows:

**Utah Retirement Systems**

|  | Employee | Employer | Employer<br>401(k) |
|--|----------|----------|--------------------|
| Contributory System                      |          |          |                    |
| 11 - Local Governmental Division Tier 1  | 6.00%    | 14.46%   | N/A                |
| 111 - Local Governmental Division Tier 2 | N/A      | 14.91%   | 1.78%              |
| Noncontributory System                   |          |          |                    |
| 15 - Local Governmental Division Tier 1  | N/A      | 18.47%   | N/A                |
| Public Safety Retirement System          |          |          |                    |
| Contributory                             |          |          |                    |
| 122 - Tier 2 DB Hybrid Public Safety     | N/A      | 22.50%   | 1.33%              |
| Noncontributory                          |          |          |                    |
| 43 Other Div A with 2.5% COLA            | N/A      | 34.04%   | N/A                |
| Tier 2 DC Only                           |          |          |                    |
| 211 - Local Government                   | N/A      | 6.69%    | 10.00%             |
| 222 - Public Safety                      | N/A      | 11.83%   | 12.00%             |

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans. For the fiscal year ended June 30, 2017, the employer and employee contributions to the Systems were as follows:

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**E. Pensions (Continued)**

| System                                      | Employer<br>Contributions | Employee<br>Contributions |
|---|---------------------------|---------------------------|
| Noncontributory System                      | \$ 319,680                | N/A                       |
| Contributory System                         | 26,273                    | \$ 3,616                  |
| Public Safety System                        | 322,062                   | -                         |
| Tier 2 Public Employees System              | 26,235                    | -                         |
| Tier 2 Public Safety and Firefighter System | 9,379                     | -                         |
| Tier 2 DC Only System                       | 2,554                     | N/A                       |
| Total Net Pension Asset / Liability         | <u>\$ 706,183</u>         | <u>\$ 3,616</u>           |

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

**Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017, we reported a net pension asset of \$441 and a net pension liability of \$2,863,837.

| System                                      | Net Pension<br>Asset | Net Pension<br>Liability | Proportionate<br>Share | Proportionate<br>Share 12/31/2015 | Change (Decrease) |
|---|----------------------|--------------------------|------------------------|-----------------------------------|-------------------|
| Noncontributory System                      | \$ -                 | \$ 1,309,364             | 0.2039119%             | 0.1985342%                        | 0.0053777%        |
| Contributory System                         | -                    | 258,815                  | 0.7888045%             | 0.4180201%                        | 0.3707844%        |
| Public Safety System                        | -                    | 1,293,670                | 0.6375033%             | 0.5781148%                        | 0.0593885%        |
| Tier 2 Public Employees System              | -                    | 1,988                    | 0.0178215%             | 0.0164082%                        | 0.0014133%        |
| Tier 2 Public Safety and Firefighter System | 441                  | -                        | 0.0507471%             | 0.0223997%                        | 0.0283474%        |
| Total Net Pension Asset / Liability         | <u>\$ 441</u>        | <u>\$ 2,863,837</u>      |                        |                                   |                   |

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2017, we recognized pension expense of \$886,167.

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**E. Pensions (Continued)**

At June 30, 2017, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience   | \$ 28,766                            | \$ 144,213                          |
| Changes in assumptions   | 402,946                              | 87,950                              |
| Net difference between projected and actual earnings on pension plan investments                     | 687,173                              | 198,369                             |
| Changes in proportion and differences between contributions and proportionate share of contributions | 112,349                              | 648                                 |
| Contributions subsequent to the measurement date   | 326,436                              | -                                   |
| Total  | \$ 1,557,670                         | \$ 431,180                          |

\$326,436 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2016. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year Ended December 31,</b> | <b>Deferred Outflows<br/>(inflows) of Resources</b> |          |
|--------------------------------|---|----------|
| 2017                           | \$  | 247,880  |
| 2018                           | \$  | 280,101  |
| 2019                           | \$  | 298,418  |
| 2020                           | \$  | (26,972) |
| 2021                           | \$  | 46       |
| Thereafter                     | \$  | 580      |

**Actuarial Assumptions**

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 2.75 Percent  |
| Salary increases          | 3.50 – 10.50 percent, average, including inflation                        |
| Investment rate of return | 7.20 percent, net of pension plan investment expense, including inflation |

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**E. Pensions (Continued)**

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2016, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class               | Expected Return Arithmetic Basis |                                    |   |
|---------------------------|----------------------------------|------------------------------------|---|
|                           | Target<br>Allocation             | Real Return<br>Arithmetic<br>Basis | Long-Term<br>expected<br>portfolio real<br>rate of return |
| Equity securities         | 40%                              | 7.06%                              | 2.82%   |
| Debt securities           | 20%                              | 0.80%                              | 0.16%   |
| Real Assets               | 13%                              | 5.10%                              | 0.66%   |
| Private equity            | 9%                               | 11.30%                             | 1.02%   |
| Absolute return           | 18%                              | 3.15%                              | 0.57%   |
| Cash and cash equivalents | 0%                               | 0.00%                              | 0.00%   |
| Totals                    | 100%                             |                                    | 5.23%   |
|                           |                                  | Inflation                          | 2.60%   |
|                           |                                  | Expected arithmetic nominal return | 7.83%   |

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the municipal bond index rate. The discount rate was reduced to 7.20 percent from 7.50 percent from the prior measurement period.



**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**E. Pensions (Continued)**

**Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate**

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.20 percent as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

|   | 1% Decrease<br>(6.20%) | Discount Rate<br>(7.20%) | 1% Increase<br>(8.20%) |
|---|------------------------|--------------------------|------------------------|
| <b>Proportionate share of</b>               |                        |                          |                        |
| Noncontributory System                      | \$ 2,712,137           | \$ 1,309,364             | \$ 138,827             |
| Contributory System                         | 623,058                | 258,815                  | (48,022)               |
| Public Safety System                        | 2,690,541              | 1,293,670                | 158,205                |
| Tier 2 Public Employees System              | 13,531                 | 1,988                    | (6,794)                |
| Tier 2 Public Safety and Firefighter System | 3,082                  | (441)                    | (3,147)                |
|   | \$ 6,042,349           | \$ 2,863,396             | \$ 239,069             |

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

**F. Defined Contribution Savings Plans**

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401 (k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Centerville City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

- 401 (k) Plan
- 457(b) Plan
- Roth IRA Plan

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**F. Defined Contribution Savings Plans (Continued)**

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows:

| System                       | Year Ended<br>June 30, | Employee paid<br>Contributions | Employer paid<br>for Employee<br>Contributions |
|------------------------------|------------------------|--------------------------------|--|
| Defined Contribution System: |                        |                                |  |
| 401(k) Plan                  | 2017                   | \$ 76,768                      | \$ 7,504                                       |
|                              | 2016                   | \$ 74,431                      | \$ 9,559                                       |
|                              | 2015                   | \$ 56,735                      | \$ 31,340                                      |
|                              | 2014                   | \$ 47,888                      | \$ 39,720                                      |
| 457 Plan                     | 2017                   | \$ 6,206                       | -  |
|                              | 2016                   | \$ 5,486                       | -  |
|                              | 2015                   | \$ 2,200                       | -  |
|                              | 2014                   | \$ 3,955                       | -  |
| Roth IRA Plan                | 2017                   | \$ 9,117                       | N/A  |
|                              | 2016                   | \$ 4,170                       | N/A  |
|                              | 2015                   | \$ 4,362                       | N/A  |
|                              | 2014                   | \$ 2,712                       | N/A  |

**G. 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. Changes to the liability during the year is as follows:

|                            |            |
|----------------------------|------------|
| Liability at June 30, 2016 | \$ 92,800  |
| Claims incurred            | 26,847     |
| Payments on claims         | (17,832)   |
| Changes to prior estimates | -          |
| Liability at June 30, 2017 | \$ 101,815 |

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**H. Interlocal Agreements**

**Utah Telecommunications Open Infrastructure Agency (UTOPIA)**

The City is one of 11 founding members of UTOPIA, 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 homes and businesses in the member communities.

The City is a pledging member who 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 December 2011, UTOPIA issued an \$185,000,000 revenue refunding bond, which will become due in June 2040. The debt service payments will be made by the 11 pledging members according to their respective percentages up to a specific dollar amount. The City's percentage of the Debt Service Reserve shortfall is 3.35% with a yearly liability limit set at a maximum of \$472,212 for the coming year ended June 30, 2018. Any bonds or debt issued or incurred by UTOPIA will not constitute debt of the City. Pledge payments made during the year ended June 30, 2017 totaled \$463,725. The aggregate amount paid to UTOPIA of \$3,213,748 as of June 30, 2017, is considered to be a note receivable but the entire amount has been reserved and is not expected to be repaid. UTOPIA issues annual audited financial statements which are available either from UTOPIA or the Utah State Auditor.

**Utah Infrastructure Agency (UIA)**

The City is also one of eight founding members of UIA, an interlocal cooperative agreement organized in July of 2010 under the laws of the State of Utah. Like UTOPIA, UIA was organized to provide for acquisition, construction, and installation of advanced communication lines, improvements, and facilities. The City has pledged franchise tax revenues to ensure that UIA fulfills its revenue requirement from the bond agreements, which is that UIA must have revenue equal to the operations and maintenances expenses and the capital costs in a fiscal year. In the event that there is a shortfall, the City has agreed to lend UIA its franchise tax revenues. The percentage of the City's share of the shortfall pledge is 3.63% with a yearly liability limit set at a maximum of \$186,737.

UIA may also establish, as needed, Working Capital Assessments to its member cities to help cover any operational expense (OpEx) shortfall. Under a shortfall scenario, UIA notifies the member cities of their respective obligations to utilize Energy Sales and Use Taxes to replenish the shortfall. The amounts assessed and paid during the year ended June 30, 2017, totaled \$0. The aggregate amount paid to UIA of \$221,865 as of June 30, 2017, is considered to be a note receivable but the entire amount has been reserved and is not expected to be repaid. UIA issues annual audited financial statements which are available either from UIA or the Utah State Auditor.

**I. Commitments and Contingencies**

The City had \$1,389,362 of outstanding construction commitments at June 30, 2017.

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**J. Redevelopment Agency**

In accordance with Utah Code Section 17C-1-605(1), the City's Redevelopment Agency is required to disclose the following information for the year ended June 30, 2017:

Tax increment collected from other taxing agencies for project areas a follows:

|                 |              |
|-----------------|--------------|
| Parish Lane     | \$ 1,255,503 |
| Legacy Crossing | 192,947      |
| Barnard Creek   | 100,897      |
|                 | \$ 1,549,347 |

Amounts expended for:

|   |            |
|---|------------|
| Site improvements and preparation costs | \$ 13,217  |
| Administrative costs                    | 253,676    |
| Tax increment paid to other entities    | 415,295    |
| Total amounts expended by RDA           | \$ 682,188 |

|   |      |
|---|------|
| Outstanding bonds and loans to finance RDA projects | \$ - |
|---|------|

**K. Prior Period Adjustments**

During the year, the City corrected several errors in the financial statements that were related to prior periods.

**Correction of Water Fund Inventory**

The City recorded an adjustment to record water inventory. In prior years water inventory has not been recorded in the general ledger. The water inventory of \$304,315 is now recorded in the water fund.

**Correction of Customer Deposits**

The City recorded an adjustment to correct the customer deposit account. Management determined that customer deposits held has been overstated by \$63,158.

**Correction of Expenses**

The City recorded an adjustment to correct the allocation of expenses in the prior year. Management determined that \$53,724 was expensed in the General fund and should have been expensed, then capitalized in the Drainage Utility fund. This caused a prior period adjustment at the fund level in the General fund but not at the government-wide level because it was capitalized. This adjustment did not cause a prior period adjustment in the Drainage Utility fund because it was capitalized, and is an enterprise fund. Management also determined that \$8,072 was expensed in the RDA fund and should have been expensed in the Drainage Utility fund. This increased the RDA fund balance \$8,072 and decreased the Drainage Utility Fund Balance \$8,072.

**Centerville City Corporation**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 3 DETAILED NOTES ON ALL ACTIVITIES AND FUNDS (Continued)**

**K. Prior Period Adjustments (Continued)**

The cumulative effect of the errors described on prior issued net position and fund equity is as follows:

| <b>Government-wide Net Position</b>   | <b><u>Governmental<br/>Activities</u></b> | <b><u>Business-type<br/>Activities</u></b> |
|---------------------------------------|---|--|
| June 30, 2016, as previously reported | \$28,556,808                              | \$15,099,930                               |
| Prior period adjustments              | <u>63,158</u>                             | <u>242,519</u>                             |
| June 30, 2016, as restated            | <u>\$28,619,966</u>                       | <u>\$15,342,449</u>                        |

| <b>Fund Equity</b>                    | <b><u>Governmental Funds</u></b> |                            | <b><u>Business-type Funds</u></b> |   |
|---------------------------------------|----------------------------------|----------------------------|-----------------------------------|---|
|                                       | <b><u>General<br/>Fund</u></b>   | <b><u>RDA<br/>Fund</u></b> | <b><u>Water<br/>Fund</u></b>      | <b><u>Drainage Utility<br/>Fund</u></b> |
| June 30, 2016, as previously reported | \$ 792,279                       | \$ 50,540                  | \$11,285,896                      | \$ 3,868,752                            |
| Prior period adjustments              | <u>116,882</u>                   | <u>8,072</u>               | <u>304,315</u>                    | <u>(61,796)</u>                         |
| June 30, 2016, as restated            | <u>\$ 909,161</u>                | <u>\$ 58,612</u>           | <u>\$11,590,211</u>               | <u>\$ 3,806,956</u>                     |

**REQUIRED SUPPLEMENTAL INFORMATION**

**Centerville City Corporation**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**December 31, 2016**  
**Last 10 Fiscal years \***

|   | Year Ended<br>December 31, | Noncontributory<br>System | Contributory<br>Retirement<br>System | Public Safety<br>System | Tier 2 Public<br>Employees<br>System | Tier 2 Public<br>Safety and<br>Firefighters<br>Retirement |
|---|----------------------------|---------------------------|--------------------------------------|-------------------------|--------------------------------------|---|
| Proportion of the net pension liability (asset)   | 2014                       | 0.1964264%                | 2.2216079%                           | 0.5439158%              | 0.0679200%                           | N/A   |
|   | 2015                       | 0.1985342%                | 0.4180201%                           | 0.5781148%              | 0.0164082%                           | 0.2239970%  |
|   | 2016                       | 0.2039119%                | 0.7888045%                           | 0.6375033%              | 0.0178215%                           | 0.0507471%  |
| Proportionate share of the net pension liability (asset)  | 2014                       | \$ 852,930                | \$ 96,912                            | \$ 684,019              | \$ (638)                             | N/A   |
|   | 2015                       | \$ 1,123,403              | \$ 293,807                           | \$ 1,035,549            | \$ (36)                              | \$ (327)  |
|   | 2016                       | \$ 1,309,364              | \$ 258,815                           | \$ 1,293,670            | \$ 1,988                             | \$ (441)  |
| Covered employee payroll  | 2014                       | \$ 1,679,906              | \$ 179,641                           | \$ 944,010              | \$ 103,177                           | N/A   |
|   | 2015                       | \$ 1,717,997              | \$ 178,113                           | \$ 962,350              | \$ 105,998                           | \$ 13,357   |
|   | 2016                       | \$ 1,818,881              | \$ 189,265                           | \$ 995,417              | \$ 146,152                           | \$ 41,928   |
| Proportionate share of the net pension liability (asset)<br>as a percentage of its covered-employee payroll | 2014                       | 50.80%                    | 53.90%                               | 72.50%                  | -0.60%                               | N/A   |
|   | 2015                       | 65.39%                    | 164.96%                              | 107.61%                 | -0.03%                               | -2.45%  |
|   | 2016                       | 71.99%                    | 136.75%                              | 129.96%                 | 1.36%                                | -1.05%  |
| Plan fiduciary net position as a percentage of the total<br>pension liability                               | 2014                       | 90.2%                     | 94.0%                                | 90.5%                   | 103.5%                               | N/A   |
|   | 2015                       | 87.8%                     | 85.7%                                | 87.1%                   | 100.2%                               | 110.7%  |
|   | 2016                       | 87.3%                     | 92.9%                                | 86.5%                   | 95.1%                                | 103.6%  |

*\* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively.*

**Centerville City Corporation**  
**SCHEDULE OF CONTRIBUTIONS**  
**June 30, 2017**  
**Last 10 Fiscal years \***

|  | As of fiscal<br>year ended<br>June 30, | Actuarial<br>Determined<br>Contributions | Contributions<br>in relation to<br>the<br>contractually<br>required<br>contribution | Contribution<br>deficiency<br>(excess) | Covered<br>employee<br>payroll | Contributions as<br>a percentage of<br>covered<br>employee<br>payroll |
|--|--|--|---|--|--------------------------------|---|
| Noncontributory System                         | 2014                                   | \$ 288,878                               | \$ 288,878  | \$ -                                   | \$ 1,670,781                   | 17.29%  |
|  | 2015                                   | \$ 313,509                               | \$ 313,509  | \$ -                                   | \$ 1,697,397                   | 18.47%  |
|  | 2016                                   | \$ 321,921                               | \$ 321,921  | \$ -                                   | \$ 1,742,940                   | 18.47%  |
|  | 2017                                   | \$ 319,680                               | \$ 319,680  | \$ -                                   | \$ 1,730,802                   | 18.47%  |
| Contributory System                            | 2014                                   | \$ 22,617                                | \$ 22,617   | \$ -                                   | \$ 176,727                     | 12.80%  |
|  | 2015                                   | \$ 25,938                                | \$ 25,938   | \$ -                                   | \$ 179,377                     | 14.46%  |
|  | 2016                                   | \$ 26,557                                | \$ 26,557   | \$ -                                   | \$ 183,659                     | 14.46%  |
|  | 2017                                   | \$ 26,273                                | \$ 26,273   | \$ -                                   | \$ 181,692                     | 14.46%  |
| Public Safety System                           | 2014                                   | \$ 254,557                               | \$ 254,557  | \$ -                                   | \$ 934,612                     | 27.24%  |
|  | 2015                                   | \$ 287,628                               | \$ 287,628  | \$ -                                   | \$ 973,840                     | 29.54%  |
|  | 2016                                   | \$ 304,712                               | \$ 304,712  | \$ -                                   | \$ 938,290                     | 32.48%  |
|  | 2017                                   | \$ 322,062                               | \$ 322,062  | \$ -                                   | \$ 975,614                     | 33.01%  |
| Tier 2 Public Employees System **              | 2014                                   | \$ 14,062                                | \$ 14,062   | \$ -                                   | \$ 100,204                     | 14.03%  |
|  | 2015                                   | \$ 15,453                                | \$ 15,453   | \$ -                                   | \$ 104,452                     | 14.79%  |
|  | 2016                                   | \$ 17,078                                | \$ 17,078   | \$ -                                   | \$ 115,128                     | 14.83%  |
|  | 2017                                   | \$ 26,235                                | \$ 26,235   | \$ -                                   | \$ 175,954                     | 14.91%  |
| Tier 2 Public Safety and Firefighter System ** | 2014                                   | \$ -                                     | \$ -  | \$ -                                   | \$ -                           | 0.00%   |
|  | 2015                                   | \$ -                                     | \$ -  | \$ -                                   | \$ -                           | 0.00%   |
|  | 2016                                   | \$ 7,389                                 | \$ 7,389  | \$ -                                   | \$ 32,838                      | 22.50%  |
|  | 2017                                   | \$ 9,379                                 | \$ 9,379  | \$ -                                   | \$ 41,683                      | 22.50%  |
| Tier 2 Public Employees DC Only System **      | 2014                                   | \$ 1,834                                 | \$ 1,834  | \$ -                                   | \$ 33,438                      | 5.48%   |
|  | 2015                                   | \$ 2,268                                 | \$ 2,268  | \$ -                                   | \$ 34,187                      | 6.63%   |
|  | 2016                                   | \$ 2,373                                 | \$ 2,373  | \$ -                                   | \$ 36,515                      | 6.50%   |
|  | 2017                                   | \$ 2,554                                 | \$ 2,554  | \$ -                                   | \$ 39,856                      | 6.41%   |

\* Amounts presented were determined as of calendar year January 1 - December 31. Employers will be required to prospectively develop this table in future years to show a 10-year history.

\*\* Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.



**Centerville City Corporation**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2017**

| <b>Special Improvement District 400 North Debt Service Fund</b>      |                  |            |                   |                               |
|--|------------------|------------|-------------------|-------------------------------|
|  | Budgeted Amounts |            | Actual<br>Amounts | Variance with<br>Final Budget |
|  | Original         | Final      |                   |                               |
| <b>Revenues:</b>   |                  |            |                   |                               |
| Interest   | \$ -             | \$ -       | \$ -              | \$ -                          |
| <b>Total Revenues</b>  | -                | -          | -                 | -                             |
| <b>Expenditures:</b>   |                  |            |                   |                               |
| <b>Total Expenditures</b>  | -                | -          | -                 | -                             |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | -                | -          | -                 | -                             |
| <b>Other Financing Sources (Uses):</b>                               |                  |            |                   |                               |
| Transfers out  | -                | (1,611)    | (1,611)           | -                             |
| <b>Total Other Financing Sources<br/>(Uses)</b>                      | -                | (1,611)    | (1,611)           | -                             |
| <b>Net Change in Fund Balances</b>                                   | \$ -             | \$ (1,611) | (1,611)           | \$ -                          |
| <b>Fund Balances, Beginning</b>                                      |                  |            | 1,611             |                               |
| <b>Fund Balances, Ending</b>   |                  |            | \$ -              |                               |

**Centerville City Corporation**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2017**

| <b>Special Improvement District Chase Lane Debt Service Fund</b>     |                  |             |                   |                               |
|--|------------------|-------------|-------------------|-------------------------------|
|  | Budgeted Amounts |             | Actual<br>Amounts | Variance with<br>Final Budget |
|  | Original         | Final       |                   |                               |
| <b>Revenues:</b>   |                  |             |                   |                               |
| Miscellaneous  | \$ -             | \$ -        | \$ 1,793          | \$ 1,793                      |
| <b>Total Revenues</b>  | -                | -           | 1,793             | 1,793                         |
| <b>Expenditures:</b>   |                  |             |                   |                               |
|  | -                | -           | -                 | -                             |
| <b>Total Expenditures</b>  | -                | -           | -                 | -                             |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | -                | -           | 1,793             | 1,793                         |
| <b>Other Financing Sources (Uses):</b>                               |                  |             |                   |                               |
| Transfers out  | -                | (15,545)    | (15,544)          | (1)                           |
| <b>Total Other Financing Sources<br/>(Uses)</b>                      | -                | (15,545)    | (15,544)          | (1)                           |
| <b>Net Change in Fund Balances</b>                                   | \$ -             | \$ (15,545) | (13,751)          | \$ 1,794                      |
| <b>Fund Balances, Beginning</b>                                      |                  |             | 13,751            |                               |
| <b>Fund Balances, Ending</b>   |                  |             | \$ -              |                               |

**Centerville City Corporation**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2017**

| <b>Special Improvement District Porter Lane Debt Service Fund</b>    |                  |            |                   |                               |
|--|------------------|------------|-------------------|-------------------------------|
|  | Budgeted Amounts |            | Actual<br>Amounts | Variance with<br>Final Budget |
|  | Original         | Final      |                   |                               |
| <b>Revenues:</b>   |                  |            |                   |                               |
| Interest   | \$ -             | \$ -       | \$ -              | \$ -                          |
| <b>Total Revenues</b>  | -                | -          | -                 | -                             |
| <b>Expenditures:</b>   |                  |            |                   |                               |
| <b>Total Expenditures</b>  | -                | -          | -                 | -                             |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | -                | -          | -                 | -                             |
| <b>Other Financing Sources (Uses):</b>                               |                  |            |                   |                               |
| Transfers out  | \$ -             | \$ (2,025) | (2,025)           | -                             |
| <b>Total Other Financing Sources<br/>(Uses)</b>                      | -                | (2,025)    | (2,025)           | -                             |
| <b>Net Change in Fund Balances</b>                                   | \$ -             | \$ (2,025) | (2,025)           | \$ -                          |
| <b>Fund Balances, Beginning</b>                                      |                  |            | 2,025             |                               |
| <b>Fund Balances, Ending</b>   |                  |            | \$ -              |                               |

**Centerville City Corporation**  
**NOTES TO THE SCHEDULES OF THE PROPORTIONATE SHARE OF THE NET**  
**PENSION LIABILITY AND CONTRIBUTIONS**  
**For the Year Ended June 30, 2017**

**Changes in Assumptions:**

The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

## **SUPPLEMENTAL INFORMATION**

**Centerville City Corporation**  
**COMBINING BALANCE SHEET – NONMAJOR**  
**GOVERNMENTAL FUNDS**  
**June 30, 2017**

|  | Special Revenue Funds              |                  |                   | Debt Service Funds            |                             |  | Capital Projects Funds                          |  | Total<br>Nonmajor<br>Governmental<br>Funds |                   |
|--|------------------------------------|------------------|-------------------|-------------------------------|-----------------------------|--|---|--|--|-------------------|
|  | Municipal<br>Building<br>Authority | Recreation       | R.A.P. Tax        | Cemetery<br>Perpetual<br>Care | Arts Center<br>Debt Service | Special Improve-<br>ment District<br>400 North | Special Improve-<br>ment District<br>Chase Lane | Special Improve-<br>ment District<br>Porter Lane |  | Storm<br>Drain    |
| <b>Assets:</b>                                 |                                    |                  |                   |                               |                             |  |   |  |  |                   |
| Cash and cash equivalents                      | \$ 1,207                           | \$ 72,150        | \$ -              | \$ -                          | \$ -                        | \$ -   | \$ -  | \$ -   | \$ -                                       | \$ 73,357         |
| Receivables:                                   |                                    |                  |                   |                               |                             |  |   |  |  |                   |
| Taxes  | -                                  | -                | 68,149            | -                             | -                           | -  | -   | -  | -  | 68,149            |
| Restricted assets:                             |                                    |                  |                   |                               |                             |  |   |  |  |                   |
| Cash and cash equivalents                      | -                                  | -                | 334,484           | 46,892                        | -                           | -  | -   | -  | 232,701                                    | 614,077           |
| <b>Total Assets</b>                            | <b>\$ 1,207</b>                    | <b>\$ 72,150</b> | <b>\$ 402,633</b> | <b>\$ 46,892</b>              | <b>\$ -</b>                 | <b>\$ -</b>                                    | <b>\$ -</b>                                     | <b>\$ -</b>                                      | <b>\$ 232,701</b>                          | <b>\$ 755,583</b> |
| <b>Liabilities:</b>                            |                                    |                  |                   |                               |                             |  |   |  |  |                   |
| Accounts payable                               | \$ -                               | \$ 9,172         | \$ 262            | \$ -                          | \$ -                        | \$ -   | \$ -  | \$ -   | \$ -                                       | \$ 9,434          |
| Liabilities payable from<br>restricted assets  | -                                  | -                | -                 | -                             | -                           | -  | -   | -  | 232,699                                    | 232,699           |
| <b>Total Liabilities</b>                       | <b>-</b>                           | <b>9,172</b>     | <b>262</b>        | <b>-</b>                      | <b>-</b>                    | <b>-</b>                                       | <b>-</b>  | <b>-</b>   | <b>232,699</b>                             | <b>242,133</b>    |
| <b>Fund Balances:</b>                          |                                    |                  |                   |                               |                             |  |   |  |  |                   |
| Nonspendable, in the form of:                  |                                    |                  |                   |                               |                             |  |   |  |  |                   |
| Premanently restricted cemetery                | -                                  | -                | -                 | 37,700                        | -                           | -  | -   | -  | -  | 37,700            |
| Restricted for:                                |                                    |                  |                   |                               |                             |  |   |  |  |                   |
| Future development                             | -                                  | -                | 334,484           | -                             | -                           | -  | -   | -  | 2  | 334,486           |
| Cemetery                                       | -                                  | -                | -                 | 9,192                         | -                           | -  | -   | -  | -  | 9,192             |
| Assigned, reported in:                         |                                    |                  |                   |                               |                             |  |   |  |  |                   |
| Special revenue funds                          | 1,207                              | 62,978           | -                 | -                             | -                           | -  | -   | -  | -  | 64,185            |
| Capital outlay funds                           | -                                  | -                | 67,887            | -                             | -                           | -  | -   | -  | -  | 67,887            |
| <b>Total Fund Balances</b>                     | <b>1,207</b>                       | <b>62,978</b>    | <b>402,371</b>    | <b>46,892</b>                 | <b>-</b>                    | <b>-</b>                                       | <b>-</b>  | <b>-</b>   | <b>2</b>                                   | <b>513,450</b>    |
| <b>Total Liabilities and<br/>Fund Balances</b> | <b>\$ 1,207</b>                    | <b>\$ 72,150</b> | <b>\$ 402,633</b> | <b>\$ 46,892</b>              | <b>\$ -</b>                 | <b>\$ -</b>                                    | <b>\$ -</b>                                     | <b>\$ -</b>                                      | <b>\$ 232,701</b>                          | <b>\$ 755,583</b> |

**Centerville City Corporation**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – NONMAJOR**  
**GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2017**

|  | Special Revenue Funds              |                  |                   | Debt Service Funds            |                             |   | Capital Projects Funds                          |  |                  | Total<br>Nonmajor<br>Governmental<br>Funds |                      |
|--|------------------------------------|------------------|-------------------|-------------------------------|-----------------------------|---|---|--|------------------|--|----------------------|
|  | Municipal<br>Building<br>Authority | Recreation       | R.A.P. Tax        | Cemetery<br>Perpetual<br>Care | Arts Center<br>Debt Service | Special Improve-<br>ment District<br>400 West | Special Improve-<br>ment District<br>Chase Lane | Special Improve-<br>ment District<br>Porter Lane | Storm<br>Drain   |  | Park<br>Improvements |
| <b>Revenues:</b>   |                                    |                  |                   |                               |                             |   |   |  |                  |  |                      |
| Taxes  | \$ -                               | \$ -             | \$ 375,773        | \$ -                          | \$ -                        | \$ -  | \$ -  | \$ -   | \$ -             | \$ -                                       | \$ 375,773           |
| Fees and contributions   | -                                  | -                | -                 | -                             | -                           | -   | -   | -  | -                | 80,223                                     | 80,223               |
| Charges for services   | -                                  | 146,737          | -                 | 9,140                         | -                           | -   | -   | -  | -                | -  | 155,877              |
| Interest   | -                                  | -                | 3,081             | 52                            | -                           | -   | -   | -  | -                | -  | 3,133                |
| Miscellaneous  | -                                  | 21,479           | -                 | -                             | -                           | -   | 1,793   | -  | -                | -  | 23,272               |
| <b>Total Revenues</b>  | <b>-</b>                           | <b>168,216</b>   | <b>378,854</b>    | <b>9,192</b>                  | <b>-</b>                    | <b>-</b>                                      | <b>1,793</b>                                    | <b>-</b>   | <b>-</b>         | <b>80,223</b>                              | <b>638,278</b>       |
| <b>Expenditures:</b>   |                                    |                  |                   |                               |                             |   |   |  |                  |  |                      |
| Current:   |                                    |                  |                   |                               |                             |   |   |  |                  |  |                      |
| General government   | -                                  | -                | -                 | -                             | 2,500                       | -   | -   | -  | -                | -  | 2,500                |
| Parks and recreation   | -                                  | 183,318          | -                 | -                             | -                           | -   | -   | -  | -                | -  | 183,318              |
| Community development  | -                                  | -                | 15,780            | -                             | -                           | -   | -   | -  | -                | -  | 15,780               |
| Debt service:  |                                    |                  |                   |                               |                             |   |   |  |                  |  |                      |
| Principal  | -                                  | -                | -                 | -                             | 495,000                     | -   | -   | -  | -                | -  | 495,000              |
| Interest   | -                                  | -                | -                 | -                             | 95,512                      | -   | -   | -  | -                | -  | 95,512               |
| Capital outlay   | -                                  | 5,832            | 7,481             | -                             | -                           | -   | -   | -  | -                | 392,588                                    | 405,901              |
| <b>Total Expenditures</b>  | <b>-</b>                           | <b>189,150</b>   | <b>23,261</b>     | <b>-</b>                      | <b>593,012</b>              | <b>-</b>                                      | <b>-</b>  | <b>-</b>   | <b>-</b>         | <b>392,588</b>                             | <b>1,198,011</b>     |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>-</b>                           | <b>(20,934)</b>  | <b>355,593</b>    | <b>9,192</b>                  | <b>(593,012)</b>            | <b>-</b>                                      | <b>1,793</b>                                    | <b>-</b>   | <b>-</b>         | <b>(312,365)</b>                           | <b>(559,733)</b>     |
| <b>Other Financing Sources (Uses):</b>                               |                                    |                  |                   |                               |                             |   |   |  |                  |  |                      |
| Transfers in   | -                                  | 21,000           | -                 | 37,700                        | 593,012                     | -   | -   | -  | -                | 19,430                                     | 671,142              |
| Transfers out  | -                                  | -                | (35,210)          | -                             | -                           | (1,611)                                       | (15,544)  | (2,025)  | (177,385)        | -  | (231,775)            |
| <b>Total Other Financing Sources<br/>(Uses)</b>                      | <b>-</b>                           | <b>21,000</b>    | <b>(35,210)</b>   | <b>37,700</b>                 | <b>593,012</b>              | <b>(1,611)</b>                                | <b>(15,544)</b>                                 | <b>(2,025)</b>                                   | <b>(177,385)</b> | <b>19,430</b>                              | <b>439,367</b>       |
| <b>Net Change in Fund Balances</b>                                   | <b>-</b>                           | <b>66</b>        | <b>320,383</b>    | <b>46,892</b>                 | <b>-</b>                    | <b>(1,611)</b>                                | <b>(13,751)</b>                                 | <b>(2,025)</b>                                   | <b>(177,385)</b> | <b>(292,935)</b>                           | <b>(120,366)</b>     |
| <b>Fund Balances, Beginning</b>                                      | <b>1,207</b>                       | <b>62,912</b>    | <b>81,988</b>     | <b>-</b>                      | <b>-</b>                    | <b>1,611</b>                                  | <b>13,751</b>                                   | <b>2,025</b>                                     | <b>177,385</b>   | <b>292,937</b>                             | <b>633,816</b>       |
| <b>Fund Balances, Ending</b>   | <b>\$ 1,207</b>                    | <b>\$ 62,978</b> | <b>\$ 402,371</b> | <b>\$ 46,892</b>              | <b>\$ -</b>                 | <b>\$ -</b>                                   | <b>\$ -</b>                                     | <b>\$ -</b>                                      | <b>\$ -</b>      | <b>\$ 2</b>                                | <b>\$ 513,450</b>    |

**Centerville City Corporation**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL - MAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2017**

| <b>UTOPIA Capital Projects Fund</b>                                  |                  |           |                   |                               |
|--|------------------|-----------|-------------------|-------------------------------|
|  | Budgeted Amounts |           | Actual<br>Amounts | Variance with<br>Final Budget |
|  | Original         | Final     |                   |                               |
| <b>Revenues:</b>   |                  |           |                   |                               |
| Intergovernmental  | \$ -             | \$ -      | \$ -              | \$ -                          |
| Interest   | -                | -         | -                 | -                             |
| <b>Total Revenues</b>  | -                | -         | -                 | -                             |
| <b>Expenditures:</b>   |                  |           |                   |                               |
| Current:   |                  |           |                   |                               |
| General Government   | 462,953          | 463,753   | 463,725           | 28                            |
| Capital outlay   | -                | 28,800    | 28,412            | 388                           |
| <b>Total Expenditures</b>  | 462,953          | 492,553   | 492,137           | 416                           |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | (462,953)        | (492,553) | (492,137)         | 416                           |
| <b>Other Financing Sources (Uses):</b>                               |                  |           |                   |                               |
| Transfers in   | 462,953          | 539,528   | 500,048           | 39,480                        |
| <b>Total Other Financing Sources<br/>(Uses)</b>                      | 462,953          | 539,528   | 500,048           | 39,480                        |
| <b>Net Change in Fund Balances</b>                                   | \$ -             | \$ 46,975 | 7,911             | \$ (39,064)                   |
| <b>Fund Balances, Beginning</b>                                      |                  |           | (7,909)           |                               |
| <b>Fund Balances, Ending</b>   |                  |           | \$ 2              |                               |



**Centerville City Corporation**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCE – BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2017**

| <b>Municipal Building Authority Special Revenue Fund</b>             |                  |       |                   |                               |
|--|------------------|-------|-------------------|-------------------------------|
|  | Budgeted Amounts |       | Actual<br>Amounts | Variance with<br>Final Budget |
|  | Original         | Final |                   |                               |
| <b>Revenues:</b>   | \$ -             | \$ -  | \$ -              | \$ -                          |
| <b>Expenditures:</b>   | -                | -     | -                 | -                             |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | -                | -     | -                 | -                             |
| <b>Net Change in Fund Balances</b>                                   | \$ -             | \$ -  | -                 | \$ -                          |
| <b>Fund Balances, Beginning</b>                                      |                  |       | 1,207             |                               |
| <b>Fund Balances, Ending</b>   |                  |       | \$ 1,207          |                               |

**Centerville City Corporation**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2017**

|  | <u>Recreation Special Revenue Fund</u> |                 |                   |                               |
|--|--|-----------------|-------------------|-------------------------------|
|  | <u>Budgeted Amounts</u>                |                 | Actual<br>Amounts | Variance with<br>Final Budget |
|  | <u>Original</u>                        | <u>Final</u>    |                   |                               |
| <b>Revenues:</b>   |  |                 |                   |                               |
| Charges for services   | \$ 115,000                             | \$ 115,000      | \$ 146,737        | \$ 31,737                     |
| Miscellaneous  | 20,000                                 | 20,000          | 21,479            | 1,479                         |
| <b>Total Revenues</b>  | <u>135,000</u>                         | <u>135,000</u>  | <u>168,216</u>    | <u>33,216</u>                 |
| <b>Expenditures:</b>   |  |                 |                   |                               |
| Current:   |  |                 |                   |                               |
| Parks and recreation   | 176,000                                | 176,000         | 183,318           | (7,318)                       |
| Capital outlay   | -                                      | -               | 5,832             | (5,832)                       |
| <b>Total Expenditures</b>  | <u>176,000</u>                         | <u>176,000</u>  | <u>189,150</u>    | <u>(13,150)</u>               |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>(41,000)</u>                        | <u>(41,000)</u> | <u>(20,934)</u>   | <u>20,066</u>                 |
| <b>Other Financing Sources (Uses):</b>                               |  |                 |                   |                               |
| Transfers in   | 41,000                                 | 41,000          | 21,000            | (20,000)                      |
| <b>Total Other Financing Sources<br/>(Uses)</b>                      | <u>41,000</u>                          | <u>41,000</u>   | <u>21,000</u>     | <u>(20,000)</u>               |
| <b>Net Change in Fund Balances</b>                                   | <u>\$ -</u>                            | <u>\$ -</u>     | 66                | <u>\$ 66</u>                  |
| <b>Fund Balances, Beginning</b>                                      |  |                 | <u>62,912</u>     |                               |
| <b>Fund Balances, Ending</b>   |  |                 | <u>\$ 62,978</u>  |                               |

**Centerville City Corporation**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2017**

|  | <u>R.A.P. Tax Special Revenue Fund</u> |                    |                   |                               |
|--|--|--------------------|-------------------|-------------------------------|
|  | <u>Budgeted Amounts</u>                |                    | Actual<br>Amounts | Variance with<br>Final Budget |
|  | <u>Original</u>                        | <u>Final</u>       |                   |                               |
| <b>Revenues:</b>   |  |                    |                   |                               |
| Taxes  | \$ 375,000                             | \$ 375,000         | \$ 375,773        | \$ 773                        |
| Interest   | -                                      | -                  | 3,081             | 3,081                         |
| <b>Total Revenues</b>  | <u>375,000</u>                         | <u>375,000</u>     | <u>378,854</u>    | <u>3,854</u>                  |
| <b>Expenditures:</b>   |  |                    |                   |                               |
| Community development  | 20,500                                 | 20,500             | 15,780            | 4,720                         |
| Capital outlay   | 53,000                                 | 53,000             | 7,481             | 45,519                        |
| <b>Total Expenditures</b>  | <u>73,500</u>                          | <u>73,500</u>      | <u>23,261</u>     | <u>50,239</u>                 |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>301,500</u>                         | <u>301,500</u>     | <u>355,593</u>    | <u>54,093</u>                 |
| <b>Other Financing Sources (Uses):</b>                               |  |                    |                   |                               |
| Transfers out  | <u>(369,000)</u>                       | <u>(369,000)</u>   | <u>(35,210)</u>   | <u>333,790</u>                |
| <b>Total Other Financing Sources<br/>(Uses)</b>                      | <u>(369,000)</u>                       | <u>(369,000)</u>   | <u>(35,210)</u>   | <u>333,790</u>                |
| <b>Net Change in Fund Balances</b>                                   | <u>\$ (67,500)</u>                     | <u>\$ (67,500)</u> | 320,383           | <u>\$ 387,883</u>             |
| <b>Fund Balances, Beginning</b>                                      |  |                    | <u>81,988</u>     |                               |
| <b>Fund Balances, Ending</b>   |  |                    | <u>\$ 402,371</u> |                               |

**Centerville City Corporation**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2017**

| <b>Cemetery Perpetual Care Special Revenue Fund</b>                  |                  |           |                   |                               |
|--|------------------|-----------|-------------------|-------------------------------|
|  | Budgeted Amounts |           | Actual<br>Amounts | Variance with<br>Final Budget |
|  | Original         | Final     |                   |                               |
| <b>Revenues:</b>   |                  |           |                   |                               |
| Charges for services   | \$ -             | \$ -      | \$ 9,140          | \$ 9,140                      |
| Interest   | -                | -         | 52                | 52                            |
| <b>Total Revenues</b>  | -                | -         | 9,192             | 9,192                         |
| <b>Expenditures:</b>   |                  |           |                   |                               |
| Maintenance  | -                | -         | -                 | -                             |
| Capital outlay   | -                | -         | -                 | -                             |
| <b>Total Expenditures</b>  | -                | -         | -                 | -                             |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | -                | -         | 9,192             | 9,192                         |
| <b>Other Financing Sources (Uses):</b>                               |                  |           |                   |                               |
| Transfers in   | -                | 37,700    | 37,700            | -                             |
| <b>Total Other Financing Sources<br/>(Uses)</b>                      | -                | 37,700    | 37,700            | -                             |
| <b>Net Change in Fund Balances</b>                                   | \$ -             | \$ 37,700 | 46,892            | \$ 9,192                      |
| <b>Fund Balances, Beginning</b>                                      |                  |           | -                 |                               |
| <b>Fund Balances, Ending</b>   |                  |           | \$ 46,892         |                               |

**Centerville City Corporation**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2017**

| <b>Arts Center Debt Service Fund</b>      |                         |                  |                   |                               |
|---|-------------------------|------------------|-------------------|-------------------------------|
|   | <u>Budgeted Amounts</u> |                  | Actual<br>Amounts | Variance with<br>Final Budget |
|   | Original                | Final            |                   |                               |
| <b>Revenues:</b>                          |                         |                  |                   |                               |
| Taxes                                     | \$ -                    | \$ -             | \$ -              | \$ -                          |
| Intergovernmental                         | -                       | -                | -                 | -                             |
| Interest                                  | -                       | -                | -                 | -                             |
| <b>Total Revenues</b>                     | <u>-</u>                | <u>-</u>         | <u>-</u>          | <u>-</u>                      |
| <b>Expenditures:</b>                      |                         |                  |                   |                               |
| Current:                                  |                         |                  |                   |                               |
| General government                        | 2,500                   | 2,500            | 2,500             | -                             |
| Debt service:                             |                         |                  |                   |                               |
| Principal                                 | 495,000                 | 495,000          | 495,000           | -                             |
| Interest                                  | 95,512                  | 95,512           | 95,512            | -                             |
| <b>Total Expenditures</b>                 | <u>593,012</u>          | <u>593,012</u>   | <u>593,012</u>    | <u>-</u>                      |
| <b>Excess (Deficiency) of Revenues</b>    |                         |                  |                   |                               |
| <b>Over (Under) Expenditures</b>          | <u>(593,012)</u>        | <u>(593,012)</u> | <u>(593,012)</u>  | <u>-</u>                      |
| <b>Other Financing Sources (Uses):</b>    |                         |                  |                   |                               |
| Transfers in                              | 593,012                 | 593,012          | 593,012           | -                             |
| <b>Total Other Financing Sources</b>      |                         |                  |                   |                               |
| <b>(Uses)</b>                             | <u>593,012</u>          | <u>593,012</u>   | <u>593,012</u>    | <u>-</u>                      |
| <b>Net Change in Fund Balances</b>        | <u>\$ -</u>             | <u>\$ -</u>      | <u>-</u>          | <u>\$ -</u>                   |
| <b>Fund Balances, Beginning, Restated</b> |                         |                  | <u>-</u>          |                               |
| <b>Fund Balances, Ending</b>              |                         |                  | <u>\$ -</u>       |                               |

**Centerville City Corporation**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2017**

| <b>Storm Drain Capital Projects Fund</b>                             |                    |                     |                   |                               |
|--|--------------------|---------------------|-------------------|-------------------------------|
|  | Budgeted Amounts   |                     | Actual<br>Amounts | Variance with<br>Final Budget |
|  | Original           | Final               |                   |                               |
| <b>Revenues:</b>   |                    |                     |                   |                               |
| Impact fees  | \$ 25,000          | \$ 25,000           | \$ -              | \$ (25,000)                   |
| Interest   | 75                 | 75                  | -                 | (75)                          |
| <b>Total Revenues</b>  | <b>25,075</b>      | <b>25,075</b>       | <b>-</b>          | <b>(25,075)</b>               |
| <b>Expenditures:</b>   |                    |                     |                   |                               |
| Capital outlay   | 653,852            | -                   | -                 | -                             |
| <b>Total Expenditures</b>  | <b>653,852</b>     | <b>-</b>            | <b>-</b>          | <b>-</b>                      |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>(628,777)</b>   | <b>25,075</b>       | <b>-</b>          | <b>(25,075)</b>               |
| <b>Other Financing Sources (Uses):</b>                               |                    |                     |                   |                               |
| Transfers in   | 580,871            | -                   | -                 | -                             |
| Transfers out  | -                  | (177,386)           | (177,385)         | (1)                           |
| <b>Total Other Financing Sources<br/>(Uses)</b>                      | <b>580,871</b>     | <b>(177,386)</b>    | <b>(177,385)</b>  | <b>(1)</b>                    |
| <b>Net Change in Fund Balances</b>                                   | <b>\$ (47,906)</b> | <b>\$ (152,311)</b> | <b>(177,385)</b>  | <b>\$ (25,074)</b>            |
| <b>Fund Balances, Beginning</b>                                      |                    |                     | <b>177,385</b>    |                               |
| <b>Fund Balances, Ending</b>   |                    |                     | <b>\$ -</b>       |                               |

**Centerville City Corporation**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE – BUDGET AND ACTUAL - NONMAJOR**  
**GOVERNMENTAL FUNDS (Continued)**  
**For The Year Ended June 30, 2017**

| <b>Park Improvements Capital Projects Fund</b>                       |                    |                     |                   |                               |
|--|--------------------|---------------------|-------------------|-------------------------------|
|  | Budgeted Amounts   |                     | Actual<br>Amounts | Variance with<br>Final Budget |
|  | Original           | Final               |                   |                               |
| <b>Revenues:</b>   |                    |                     |                   |                               |
| Fees and contributions   | \$ 50,000          | \$ 50,000           | \$ 80,223         | \$ 30,223                     |
| Interest   | 500                | 500                 | -                 | (500)                         |
| <b>Total Revenues</b>  | <b>50,500</b>      | <b>50,500</b>       | <b>80,223</b>     | <b>29,723</b>                 |
| <b>Expenditures:</b>   |                    |                     |                   |                               |
| Current:   | -                  | -                   | -                 | -                             |
| General government   | -                  | -                   |                   |                               |
| Capital outlay   | 148,519            | 400,000             | 392,588           | 7,412                         |
| <b>Total Expenditures</b>  | <b>148,519</b>     | <b>400,000</b>      | <b>392,588</b>    | <b>7,412</b>                  |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>(98,019)</b>    | <b>(349,500)</b>    | <b>(312,365)</b>  | <b>37,135</b>                 |
| <b>Other Financing Sources (Uses):</b>                               |                    |                     |                   |                               |
| Transfers in   | -                  | -                   | 19,430            | 19,430                        |
| <b>Total Other Financing Sources<br/>(Uses)</b>                      | <b>-</b>           | <b>-</b>            | <b>19,430</b>     | <b>19,430</b>                 |
| <b>Net Change in Fund Balances</b>                                   | <b>\$ (98,019)</b> | <b>\$ (349,500)</b> | <b>(292,935)</b>  | <b>\$ (56,565)</b>            |
| <b>Fund Balances, Beginning</b>                                      |                    |                     | <b>292,937</b>    |                               |
| <b>Fund Balances, Ending</b>   |                    |                     | <b>\$ 2</b>       |                               |

# **STATISTICAL SECTION**



## STATISTICAL SECTION TABLE OF CONTENTS

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

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| <b>Financial Trends</b><br>These schedules provide trend information to help the reader understand how the City's financial performance and economic condition have changed over time.   | <b>87</b>          |
| <b>Revenue Capacity</b><br>These schedules present information to help the reader assess the City's most significant local revenue sources: sales taxes and property taxes.  | <b>92</b>          |
| <b>Debt Capacity</b><br>These schedules provide 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.                            | <b>100</b>         |
| <b>Demographic and Economic Information</b><br>These schedules present demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.                                  | <b>105</b>         |
| <b>Operating Information</b><br>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. | <b>108</b>         |

Note: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Centerville City Corporation

Net Position by Component  
Last Ten Fiscal Years

|   | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|   | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          |
| <u>Governmental activities</u>                  |               |               |               |               |               |               |               |               |               |               |
| Invested in capital assets, net of related debt | \$ 14,588,456 | \$ 16,749,627 | \$ 21,086,743 | \$ 23,157,489 | \$ 23,935,722 | \$ 25,095,634 | \$ 25,687,835 | \$ 27,336,533 | \$ 29,190,440 | \$ 29,216,798 |
| Restricted                                      | 209,375       | 13,476,070    | 6,014,400     | 314,049       | 105,067       | 15,654        | 19,684        | 17,317        | 438,816       | 1,458,012     |
| Unrestricted                                    | 5,521,914     | (8,166,577)   | (3,330,811)   | 1,628,503     | 1,372,676     | 1,560,205     | 1,429,287     | (667,257)     | (1,072,448)   | (1,237,374)   |
| Total governmental activities net assets        | 20,319,745    | 22,059,120    | 23,770,332    | 25,100,041    | 25,413,465    | 26,671,493    | 27,136,806    | 26,686,593    | 28,556,808    | 29,437,436    |
| <u>Business-type activities</u>                 |               |               |               |               |               |               |               |               |               |               |
| Invested in capital assets, net of related debt | 10,164,608    | 11,001,715    | 11,361,031    | 11,644,848    | 10,052,642    | 10,802,629    | 11,612,195    | 14,042,619    | 14,620,353    | 15,455,720    |
| Restricted                                      | 1,066,486     | 1,086,077     | 1,091,180     | 1,106,719     | 2,532,805     | 1,360,662     | 999,330       | 203,884       | 512,047       | 39,750        |
| Unrestricted                                    | (75,167)      | (172,501)     | (327,570)     | (364,138)     | 203,033       | 1,202,214     | 1,281,957     | (47,159)      | (32,470)      | 1,171,841     |
| Total business-type activities net assets       | 11,155,927    | 11,915,291    | 12,124,641    | 12,387,429    | 12,788,480    | 13,365,505    | 13,893,482    | 14,199,344    | 15,099,930    | 16,667,311    |
| <u>Primary government</u>                       |               |               |               |               |               |               |               |               |               |               |
| Invested in capital assets, net of related debt | 24,753,064    | 27,751,342    | 32,447,774    | 34,802,337    | 33,988,364    | 35,898,263    | 38,591,421    | 41,379,152    | 43,810,793    | 44,672,518    |
| Restricted                                      | 1,275,861     | 14,562,147    | 7,105,580     | 1,420,768     | 2,637,872     | 1,376,316     | 1,019,014     | 221,201       | 950,863       | 1,497,762     |
| Unrestricted                                    | 5,446,747     | (8,339,078)   | (3,658,381)   | 1,264,365     | 1,575,709     | 2,762,419     | 1,419,853     | (714,416)     | (1,104,918)   | (65,533)      |
| Total primary government net assets             | \$ 31,475,672 | \$ 33,974,411 | \$ 35,894,973 | \$ 37,487,470 | \$ 38,201,945 | \$ 40,036,998 | \$ 41,030,288 | \$ 40,885,937 | \$ 43,656,738 | \$ 46,104,747 |

Centerville City Corporation

Changes in Net Position  
Last Ten Fiscal Years  
(accrual basis of accounting)

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 |
| <b>Expenses</b>                                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <u>Governmental activities</u>                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                                    | \$ 1,448,978         | \$ 1,209,582         | \$ 1,529,197         | \$ 1,741,872         | \$ 2,095,247         | \$ 2,091,826         | \$ 2,073,754         | \$ 2,149,191         | \$ 1,200,320         | \$ 1,306,430         |
| Public Safety   | 2,613,890            | 2,366,183            | 2,865,721            | 2,763,931            | 2,976,846            | 3,087,683            | 3,215,906            | 3,312,647            | 3,421,139            | 3,618,279            |
| Streets and Public Works                              | 1,715,647            | 1,948,185            | 1,937,663            | 1,694,141            | 1,620,465            | 1,565,404            | 2,040,237            | 1,929,230            | 2,012,637            | 2,131,715            |
| Parks & Recreation                                    | 1,154,243            | 1,330,148            | 1,200,377            | 1,217,390            | 1,684,043            | 1,629,452            | 1,720,371            | 1,707,103            | 1,434,223            | 1,355,402            |
| Community Development                                 | 756,662              | 1,026,745            | 642,469              | 927,596              | 1,124,270            | 660,840              | 539,894              | 618,065              | 1,096,021            | 1,051,553            |
| Interest on long-term debt                            | 85,852               | 152,369              | 493,361              | 450,822              | 370,904              | 312,167              | 259,327              | 213,694              | 98,142               | 1,486                |
| <b>Total governmental activities</b>                  | <b>7,775,272</b>     | <b>8,033,212</b>     | <b>8,668,788</b>     | <b>8,795,752</b>     | <b>9,871,775</b>     | <b>9,347,372</b>     | <b>9,849,489</b>     | <b>9,929,930</b>     | <b>9,262,482</b>     | <b>9,464,865</b>     |
| <u>Business-type activities</u>                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Water   | 1,765,049            | 1,601,430            | 1,674,851            | 1,573,410            | 1,690,109            | 2,086,004            | 1,835,012            | 1,965,022            | 2,106,260            | 2,068,468            |
| Sanitation  | 649,850              | 655,091              | 818,314              | 881,683              | 868,350              | 906,971              | 979,738              | 956,890              | 703,201              | 965,638              |
| Storm Drain   | 475,445              | 382,484              | 483,127              | 575,251              | 517,346              | 629,638              | 611,098              | 760,994              | 973,114              | 704,313              |
| Telecom   | -                    | -                    | -                    | -                    | 37,747               | 260,540              | 424,108              | 283,566              | 314,130              | 302,954              |
| <b>Total business-type activities</b>                 | <b>2,890,344</b>     | <b>2,639,005</b>     | <b>2,976,292</b>     | <b>3,030,344</b>     | <b>3,113,552</b>     | <b>3,883,153</b>     | <b>3,849,956</b>     | <b>3,966,472</b>     | <b>4,096,705</b>     | <b>4,041,373</b>     |
| <b>Total primary government expenses</b>              | <b>\$ 10,665,616</b> | <b>\$ 10,672,217</b> | <b>\$ 11,645,080</b> | <b>\$ 11,826,096</b> | <b>\$ 12,985,327</b> | <b>\$ 13,230,525</b> | <b>\$ 13,699,445</b> | <b>\$ 13,896,402</b> | <b>\$ 13,359,187</b> | <b>\$ 13,506,238</b> |
| <b>Program Revenues</b>                               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <u>Governmental activities</u>                        |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for services                                  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                                    | \$ 1,270,564         | \$ 1,447,637         | \$ 1,182,108         | \$ 1,478,655         | \$ 1,549,029         | \$ 1,521,453         | \$ 1,529,410         | \$ 1,623,948         | \$ 1,158,121         | \$ 871,295           |
| Streets and Public Works                              | 52,887               | 8,009                | 10,551               | 7,186                | 12,993               | 16,388               | 11,477               | 5,085                | -                    | -                    |
| Parks & Recreation                                    | 220,092              | 115,714              | 96,152               | 114,825              | 112,501              | 112,607              | 118,300              | 121,278              | 249,057              | 251,100              |
| Community Development                                 | 500,852              | 283,527              | 242,284              | 338,196              | 548,812              | 350,406              | 333,252              | 241,315              | -                    | -                    |
| Operating grants and contributions                    | 89,310               | 32,287               | -                    | -                    | -                    | -                    | -                    | -                    | 2,304,830            | 1,599,141            |
| Capital grants and contributions                      | 186,500              | 1,701,527            | 2,256,903            | 1,202,285            | 1,170,455            | 1,841,179            | 2,267,236            | 2,872,876            | 1,114,767            | 757,607              |
| <b>Total governmental activities program revenues</b> | <b>2,320,205</b>     | <b>3,588,701</b>     | <b>3,787,998</b>     | <b>3,141,147</b>     | <b>3,393,790</b>     | <b>3,842,033</b>     | <b>4,259,675</b>     | <b>4,864,502</b>     | <b>4,826,775</b>     | <b>3,479,143</b>     |

Centerville City Corporation

Changes in Net Position (continued)  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

|  | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2008                  | 2009                  | 2010                  | 2011                  | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  | 2017                  |
| <u>Business-type activities</u>                    |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Charges for services                               |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Water  | \$ 2,283,281          | \$ 1,654,905          | \$ 1,642,409          | \$ 1,972,977          | \$ 2,111,183          | \$ 2,476,190          | \$ 2,431,720          | \$ 2,251,667          | \$ 2,051,129          | \$ 2,305,757          |
| Sanitation   | 611,679               | 623,054               | 758,206               | 796,831               | 821,464               | 880,454               | 942,296               | 955,657               | 1,237,116             | 1,005,896             |
| Storm Drain  | 579,744               | 542,718               | 591,537               | 549,545               | 555,681               | 564,987               | 576,486               | 586,157               | 976,007               | 1,251,125             |
| Telecom  | -                     | -                     | -                     | -                     | 40,199.00             | 260,676               | 256,247               | 282,767               | 295,261               | 300,671               |
| Operating grants and contributions                 | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | 350,533               | 320,456               |
| Capital grants and contributions                   | -                     | -                     | 350,000               | 12,000                | -                     | 253,450               | -                     | 311,841               | -                     | -                     |
| Total business-type activities primary revenues    | <u>3,474,704</u>      | <u>2,820,677</u>      | <u>3,342,152</u>      | <u>3,331,353</u>      | <u>3,528,527</u>      | <u>4,435,757</u>      | <u>4,206,749</u>      | <u>4,388,089</u>      | <u>4,910,046</u>      | <u>5,183,905</u>      |
| Total primary government program revenues          | <u>\$ 5,794,909</u>   | <u>\$ 6,409,378</u>   | <u>\$ 7,130,150</u>   | <u>\$ 6,472,500</u>   | <u>\$ 6,922,317</u>   | <u>\$ 8,277,790</u>   | <u>\$ 8,466,424</u>   | <u>\$ 9,252,591</u>   | <u>\$ 9,736,821</u>   | <u>\$ 8,663,048</u>   |
| Net (Expense)/Revenue                              |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities                            | \$ (5,455,067)        | \$ (4,444,511)        | \$ (4,880,790)        | \$ (5,654,605)        | \$ (6,477,985)        | \$ (5,505,339)        | \$ (5,589,814)        | \$ (5,065,428)        | \$ (4,435,707)        | \$ (5,985,722)        |
| Business-type activities                           | 584,360               | 181,672               | 365,860               | 301,009               | 414,975               | 552,604               | 356,793               | 421,617               | 813,341               | 1,142,532             |
| Total primary government net (expense)/revenue     | <u>\$ (4,870,707)</u> | <u>\$ (4,262,839)</u> | <u>\$ (4,514,930)</u> | <u>\$ (5,353,596)</u> | <u>\$ (6,063,010)</u> | <u>\$ (4,952,735)</u> | <u>\$ (5,233,021)</u> | <u>\$ (4,643,811)</u> | <u>\$ (3,622,366)</u> | <u>\$ (4,843,190)</u> |
| General Revenues and Other Changes in Net Position |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities                            |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Taxes  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Property Tax and Uniform Fees                      | \$ 1,790,943          | \$ 1,933,965          | \$ 2,385,839          | \$ 2,423,442          | \$ 2,555,160          | \$ 2,529,705          | \$ 1,514,682          | \$ 1,520,060          | \$ 1,275,046          | \$ 1,246,982          |
| Franchise, Telecommunication & Energy Sales        | 933,916               | 964,201               | 966,412               | 970,297               | 994,689               | 1,037,792             | 1,144,152             | 1,132,319             | 1,141,628             | 1,126,627             |
| General & Highway Sales Tax                        | 3,784,263             | 3,579,903             | 2,732,936             | 2,830,732             | 3,005,090             | 3,129,208             | 3,335,469             | 3,509,401             | 3,697,653             | 4,108,686             |
| Gain on Sale of Capital Assets                     | 12,370                | (20,408)              | 3,131                 | -                     | -                     | -                     | -                     | -                     | 64,331                | -                     |
| Other  | 385,430               | 291,996               | 329,497               | 706,511               | 216,705               | 66,662                | 224,224               | 98,392                | 437,570               | 551,487               |
| Transfers  | 49,215.00             | (549,751.00)          | 174,187.00            | 53,332                | 19,765                | -                     | (163,400)             | (20,840)              | (16,309)              | (230,590)             |
| Total governmental activities                      | <u>6,956,137</u>      | <u>6,199,906</u>      | <u>6,592,002</u>      | <u>6,984,314</u>      | <u>6,791,409</u>      | <u>6,763,367</u>      | <u>6,055,127</u>      | <u>6,239,332</u>      | <u>6,599,919</u>      | <u>6,803,192</u>      |
| Business-type activities                           |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Other  | 89,544.00             | 27,941.00             | 17,677.00             | 15,111.00             | 5,831.00              | 24,421                | 7,784                 | 4,632                 | 7,649                 | 4,945                 |
| Transfers  | (49,215)              | 549,751               | (174,187)             | (53,332)              | (19,765)              | -                     | 163,400               | 20,840                | 16,309                | 177,385               |
| Total business-type activities                     | <u>40,329</u>         | <u>577,692</u>        | <u>(156,510)</u>      | <u>(38,221)</u>       | <u>(13,934)</u>       | <u>24,421</u>         | <u>171,184</u>        | <u>25,472</u>         | <u>23,958</u>         | <u>182,330</u>        |
| Total primary government                           | <u>\$ 6,996,466</u>   | <u>\$ 6,777,598</u>   | <u>\$ 6,435,492</u>   | <u>\$ 6,946,093</u>   | <u>\$ 6,777,475</u>   | <u>\$ 6,787,788</u>   | <u>\$ 6,226,311</u>   | <u>\$ 6,264,804</u>   | <u>\$ 6,623,877</u>   | <u>\$ 6,985,522</u>   |
| Change in Net Position                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities                            | \$ 1,501,070          | \$ 1,755,395          | \$ 1,711,212          | \$ 1,329,709          | \$ 313,424            | \$ 1,258,028          | \$ 465,313            | \$ 1,173,904          | \$ 2,164,212          | \$ 817,470            |
| Business-type activities                           | 624,689               | 759,364               | 209,350               | 262,788               | 401,041               | 577,025               | 527,977               | 447,089               | 837,299               | 1,324,862             |
| Total primary government                           | <u>\$ 2,125,759</u>   | <u>\$ 2,514,759</u>   | <u>\$ 1,920,562</u>   | <u>\$ 1,592,497</u>   | <u>\$ 714,465</u>     | <u>\$ 1,835,053</u>   | <u>\$ 993,290</u>     | <u>\$ 1,620,993</u>   | <u>\$ 3,001,511</u>   | <u>\$ 2,142,332</u>   |

Centerville City Corporation

Fund Balances, Governmental Funds  
Last Ten Fiscal Years

|                                     | Fiscal Year  |               |              |              |              |              |              |              |              |              |
|-------------------------------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                     | 2008         | 2009          | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         |
| <u>General Fund</u>                 |              |               |              |              |              |              |              |              |              |              |
| Nonspendable                        | \$ -         | \$ -          | \$ -         | \$ -         | \$ 235,461   | \$ 124,589   | \$ 7,064     | \$ -         | \$ 32,859    | \$ 15,491    |
| Restricted                          | 1,007,024    | 919,203       | 642,385      | 450,214      | -            | -            | -            | -            | 139,993      | 22,901       |
| Unassigned                          | 1,541,183    | 1,211,929     | 1,341,737    | 1,102,412    | 1,156,052    | 1,556,947    | 1,317,015    | 831,617      | 619,427      | 615,562      |
| Total general fund                  | 2,548,207    | 2,131,132     | 1,984,122    | 1,552,626    | 1,391,513    | 1,681,536    | 1,324,079    | 831,617      | 792,279      | 653,954      |
| <u>All Other Governmental Funds</u> |              |               |              |              |              |              |              |              |              |              |
| Nonspendable                        | -            | -             | -            | -            | -            | -            | -            | -            | -            | 37,700       |
| Restricted                          | 817,664      | 14,084,359    | 5,810,749    | 203,893      | 105,067      | 15,654       | 19,684       | 17,317       | 298,823      | 1,397,408    |
| Assigned reported in:               |              |               |              |              |              |              |              |              |              |              |
| Special revenue funds               | 22,581       | 46,802        | 46,964       | 56,221       | 27,649       | 23,295       | 52,936       | 53,031       | 64,119       | 270,417      |
| Capital project funds               | 1,357,209    | 563,971       | 104,755      | 100,242      | 374,189      | 423,941      | 483,408      | 312,484      | 332,964      | 67,889       |
| Debt Service Funds                  | -            | -             | -            | -            | -            | -            | 44,828       | 15,850       | 15,362       | -            |
| Redevelopment Agency Fund           | 1,333,978    | 758,791       | 961,349      | 553,564      | 244,971      | -            | 260,978      | 342,835      | 50,540       | 86,921       |
| Unassigned reported in:             |              |               |              |              |              |              |              |              |              |              |
| Special revenue funds               | -            | -             | -            | (171,872)    | (278,330)    | -            | -            | -            | (7,909)      | -            |
| Total all other governmental funds  | 3,531,432    | 15,453,923    | 6,923,817    | 742,048      | 473,546      | 462,890      | 861,834      | 741,517      | 753,899      | 1,860,335    |
| Total governmental funds            | \$ 6,079,639 | \$ 17,585,055 | \$ 8,907,939 | \$ 2,294,674 | \$ 1,865,059 | \$ 2,144,426 | \$ 2,185,913 | \$ 1,573,134 | \$ 1,546,178 | \$ 2,514,289 |

Note: Fund balance classifications changed in 2011 as part of the implementation of GASB 54.

Centerville City Corporation

Changes in Fund Balances, Governmental Funds  
Last Ten Fiscal Years

|  | Fiscal Year      |                   |                    |                    |                   |                   |                   |                   |                   |                   |
|--|------------------|-------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2008             | 2009              | 2010               | 2011               | 2012              | 2013              | 2014              | 2015              | 2016              | 2017              |
| <u>Revenues</u>  |                  |                   |                    |                    |                   |                   |                   |                   |                   |                   |
| Taxes  | \$ 5,999,136     | \$ 6,031,356      | \$ 6,085,187       | \$ 6,224,471       | \$ 6,554,939      | \$ 6,696,705      | \$ 5,994,303      | \$ 6,161,780      | \$ 6,472,276      | \$ 6,858,069      |
| Special Assessments  | 3,707            | 8,009             | 10,551             | 7,186              | 12,993            | 16,388            | 11,477            | 5,085             | -                 | -                 |
| Licenses & Permits   | 504,672          | 283,527           | 242,284            | 338,196            | 548,812           | 350,406           | 333,252           | 241,315           | 525,878           | 278,579           |
| Intergovernmental  | 599,296          | 1,773,027         | 1,176,903          | 1,202,285          | 1,170,455         | 1,251,685         | 2,267,236         | 2,383,626         | 2,939,345         | 2,262,866         |
| Charges for Services   | 510,426          | 529,684           | 381,139            | 389,770            | 589,965           | 484,300           | 481,387           | 392,158           | 411,520           | 384,320           |
| Charges for Services - Other Funds                           | 509,898          | 503,900           | 503,900            | 709,085            | 611,000           | 686,000           | 698,000           | 859,500           | -                 | -                 |
| Fee & Contributions  | -                | -                 | -                  | -                  | -                 | -                 | -                 | -                 | 480,252           | 80,223            |
| Fines & Forfeitures  | 575,692          | 573,747           | 576,948            | 494,625            | 460,565           | 463,760           | 468,323           | 493,568           | 444,658           | 440,062           |
| Interest   | 283,791          | 129,251           | 121,520            | 52,788             | 30,319            | 22,242            | 17,628            | 10,017            | 13,284            | 21,924            |
| Miscellaneous  | 119,139          | 162,745           | 207,977            | 375,393            | 236,481           | 44,420            | 611,366           | 127,654           | 91,459            | 188,223           |
| Total revenues   | <u>9,105,757</u> | <u>9,995,246</u>  | <u>9,306,409</u>   | <u>9,793,799</u>   | <u>10,215,529</u> | <u>10,015,906</u> | <u>10,882,972</u> | <u>10,674,703</u> | <u>11,378,672</u> | <u>10,514,266</u> |
| <u>Expenditures</u>  |                  |                   |                    |                    |                   |                   |                   |                   |                   |                   |
| General government   | 1,308,521        | 1,352,055         | 1,374,996          | 1,349,002          | 1,397,310         | 1,353,085         | 1,509,073         | 1,544,467         | 1,054,232         | 1,022,010         |
| Public Safety  | 2,641,150        | 2,749,920         | 2,837,137          | 2,879,202          | 3,119,574         | 3,111,317         | 3,194,578         | 3,394,303         | 3,201,291         | 3,387,347         |
| Street & Public Works  | 2,016,653        | 1,930,929         | 1,813,865          | 2,017,916          | 1,465,215         | 1,454,321         | 2,192,768         | 1,774,789         | 1,155,631         | 1,220,357         |
| Community Development  | 812,208          | 1,172,949         | 598,034            | 912,744            | 1,063,826         | 648,840           | 516,534           | 595,600           | 917,359           | 1,030,543         |
| Parks & Recreation   | 2,059,249        | 1,281,932         | 1,040,316          | 1,050,792          | 1,107,049         | 1,052,607         | 1,194,253         | 1,762,397         | 1,155,782         | 1,118,384         |
| Capital Outlay   | 264,746          | 1,210,577         | 7,744,284          | 6,046,231          | 276,967           | 23,778            | 16,170            | 39,132            | 2,048,150         | 1,026,800         |
| Debt Service   |                  |                   |                    |                    |                   |                   |                   |                   |                   |                   |
| Principal retirement   | 278,028          | 288,154           | 1,418,953          | 1,474,093          | 1,385,000         | 1,335,000         | 1,382,948         | 1,461,972         | 1,552,812         | 538,626           |
| Interest and fiscal charges                                  | 98,936           | 88,997            | 492,486            | 452,226            | 382,716           | 321,947           | 267,235           | 221,602           | 147,140           | 97,230            |
| Contractual Payments (UTOPIA)                                | -                | -                 | 183,727            | 278,368            | 449,346           | 428,410           | 436,978           | 445,718           | -                 | -                 |
| Total expenditures   | <u>9,479,491</u> | <u>10,075,513</u> | <u>17,503,798</u>  | <u>16,460,574</u>  | <u>10,647,003</u> | <u>9,729,305</u>  | <u>10,710,537</u> | <u>11,239,980</u> | <u>11,232,397</u> | <u>9,441,297</u>  |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(373,734)</u> | <u>(80,267)</u>   | <u>(8,197,389)</u> | <u>(6,666,775)</u> | <u>(431,474)</u>  | <u>286,601</u>    | <u>172,435</u>    | <u>(565,277)</u>  | <u>146,275</u>    | <u>1,072,969</u>  |

Centerville City Corporation

Changes in Fund Balances, Governmental Funds (Continued)  
Last Ten Fiscal Years

|  | Fiscal Year         |                      |                       |                       |                     |                     |                     |                     |                     |                     |
|--|---------------------|----------------------|-----------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2008                | 2009                 | 2010                  | 2011                  | 2012                | 2013                | 2014                | 2015                | 2016                | 2017                |
| Other Financing Sources (Uses)                             |                     |                      |                       |                       |                     |                     |                     |                     |                     |                     |
| Transfers in   | \$ 1,017,754        | \$ 2,739,137         | \$ 1,902,996          | \$ 1,405,555          | \$ 1,285,494        | \$ 1,486,480        | \$ 1,235,001        | \$ 1,466,198        | \$ 1,417,809        | \$ 1,315,156        |
| Transfers out  | (986,039)           | (3,312,388)          | (2,392,049)           | (1,364,223)           | (1,323,329)         | (1,498,480)         | (1,421,761)         | (1,519,848)         | (1,434,118)         | (1,545,746)         |
| Sale of capital assets                                     | 19,282              | 28,631               | 9,326                 | 12,178                | 39,694              | 4,766               | 55,812              | 6,148               | 77,549              | 778                 |
| Bond Proceeds  | -                   | 12,130,303           | -                     | -                     | -                   | -                   | -                   | -                   | -                   | -                   |
| Total other financing sources (uses)                       | <u>50,997</u>       | <u>11,585,683</u>    | <u>(479,727)</u>      | <u>53,510</u>         | <u>1,859</u>        | <u>(7,234)</u>      | <u>(130,948)</u>    | <u>(47,502)</u>     | <u>61,240</u>       | <u>(229,812)</u>    |
| Net change in fund balances                                | <u>\$ (322,737)</u> | <u>\$ 11,505,416</u> | <u>\$ (8,677,116)</u> | <u>\$ (6,613,265)</u> | <u>\$ (429,615)</u> | <u>\$ 279,367</u>   | <u>\$ 41,487</u>    | <u>\$ (612,779)</u> | <u>\$ 207,515</u>   | <u>\$ 843,157</u>   |
| Fund Balance Beginning of Year, restated                   | <u>\$ 6,402,376</u> | <u>\$ 6,079,639</u>  | <u>\$ 17,585,055</u>  | <u>\$ 8,907,939</u>   | <u>\$ 2,294,674</u> | <u>\$ 1,865,059</u> | <u>\$ 2,144,426</u> | <u>\$ 2,185,913</u> | <u>\$ 1,338,663</u> | <u>\$ 1,671,132</u> |
| Fund Balance End of Year                                   | <u>\$ 6,079,639</u> | <u>\$ 17,585,055</u> | <u>\$ 8,907,939</u>   | <u>\$ 2,294,674</u>   | <u>\$ 1,865,059</u> | <u>\$ 2,144,426</u> | <u>\$ 2,185,913</u> | <u>\$ 1,573,134</u> | <u>\$ 1,546,178</u> | <u>\$ 2,514,289</u> |
| Debt service as a percentage<br>of noncapital expenditures | 4.09%               | 4.25%                | 19.59%                | 18.50%                | 17.05%              | 17.07%              | 15.43%              | 15.03%              | 18.51%              | 7.56%               |

Centerville City Corporation

Governmental Activities Taxes and Special Assessment Revenues  
Last Ten Fiscal Years

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| Fiscal Year | Property & Uniform Vehicle Taxes | Sales & Use Taxes | Highway Taxes | Franchise, Telecomm & Energy Taxes | Special Assessments | Recreation & Parks Tax | Transportation Tax (Prop 1) | Total Tax Revenue |
|-------------|----------------------------------|-------------------|---------------|------------------------------------|---------------------|------------------------|-----------------------------|-------------------|
| 2008        | \$ 1,033,116                     | \$ 3,198,415      | \$ 509,985    | \$ 933,915                         | \$ 3,707            | \$ -                   | \$ -                        | \$ 5,679,138      |
| 2009        | 967,061                          | 2,872,183         | 417,008       | 964,201                            | 8,009               | -                      | -                           | 5,228,462         |
| 2010        | 1,034,530                        | 2,732,936         | 482,701       | 966,412                            | 10,551              | 259,768                | -                           | 5,486,898         |
| 2011        | 1,024,474                        | 2,830,732         | 474,530       | 970,297                            | 7,186               | 272,186                | -                           | 5,579,405         |
| 2012        | 1,042,137                        | 3,005,090         | 464,392       | 994,689                            | 12,993              | 293,964                | -                           | 5,813,265         |
| 2013        | 1,081,247                        | 3,129,208         | 478,990       | 1,037,792                          | 16,388              | 310,997                | -                           | 6,054,622         |
| 2014        | 1,079,673                        | 3,335,469         | 457,788       | 1,144,152                          | -                   | 331,479                | -                           | 6,348,561         |
| 2015        | 1,071,401                        | 3,509,401         | 482,916       | 1,132,319                          | -                   | 347,937                | -                           | 6,543,974         |
| 2016        | 1,116,729                        | 3,619,152         | 486,235       | 1,141,628                          | -                   | 357,949                | 78,501                      | 6,800,194         |
| 2017        | 1,074,734                        | 3,804,117         | 743,659       | 1,126,627                          | -                   | 375,773                | 304,569                     | 7,429,479         |

(1) Property tax & Uniform Vehicle fees do not include tax increment received in the RDA fund



## Centerville City Corporation

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

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| Fiscal<br>Year | Overlapping Rates |        |        |         |        |
|----------------|-------------------|--------|--------|---------|--------|
|                | City              | County | State  | Transit | Total  |
| 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 % |
| 2014           | 1.10 %            | 0.25 % | 4.65 % | 0.50 %  | 6.50 % |
| 2015           | 1.10 %            | 0.25 % | 4.65 % | 0.50 %  | 6.50 % |
| 2016           | 1.10 %            | 0.25 % | 4.75 % | 0.75 %  | 6.85 % |
| 2017           | 1.10 %            | 0.25 % | 4.75 % | 0.75 %  | 6.85 % |

Note: Overlapping rates are those of other governments and agencies that apply to taxable sales within the City.

(1) Of the total sales taxes assessed by municipalities within the state, 50 percent is distributed based on point of sale and 50 percent is pooled and distributed based on population.

Source: Utah State Tax Commission

Centerville City Corporation

Principal Sales Tax Payers  
Current Year and Nine Years Ago

| Taxpayer                     | Fiscal Year 2017    |      |                            | Fiscal Year 2008    |      |                            |
|------------------------------|---------------------|------|----------------------------|---------------------|------|----------------------------|
|                              | Sales Taxes*        | Rank | Percentage of Total Sales* | Sales Taxes*        | Rank | Percentage of Total Sales* |
| Wal Mart Superstore          | N/A                 | 1    | N/A                        | N/A                 | 1    | N/A                        |
| Colonial Lumber Supply       | N/A                 | 3    | N/A                        | N/A                 | 4    | N/A                        |
| Super Target                 | N/A                 | 2    | N/A                        | N/A                 | 2    | N/A                        |
| Home Depot                   | N/A                 | 4    | N/A                        | N/A                 | 3    | N/A                        |
| Land Rover                   | N/A                 | 5    | N/A                        | N/A                 | 8    | N/A                        |
| Dicks Supermarket            | N/A                 | 6    | N/A                        | N/A                 | 5    | N/A                        |
| Intermountain Business Forms | N/A                 | 7    | N/A                        | N/A                 | 7    | N/A                        |
| Utah Power & Light           | N/A                 | 8    | N/A                        | N/A                 |      |                            |
| Kohls                        | N/A                 | 9    | N/A                        | N/A                 | 9    | N/A                        |
| York Automotive              | N/A                 | 10   | N/A                        | N/A                 |      | N/A                        |
| Total                        | <u>\$ 2,547,385</u> |      | <u>62.00 %</u>             | <u>\$ 2,043,510</u> |      | <u>13.56 %</u>             |

\* Due to the confidential nature, the amounts and percentages of the largest revenue payers cannot be displayed. However, the aggregate total is displayed along with the individual rankings in an effort to provide the reader with information as to where the City's tax base originates.

N/A = Not applicable

Source: Utah State Tax Commission

## Centerville City Corporation

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

| Tax Year | Real Property  |                        | Personal Property |                        | Total          |                        | Assessed Value as a Percentage of Actual Value | Total Direct Tax Rate |
|----------|----------------|------------------------|-------------------|------------------------|----------------|------------------------|--|-----------------------|
|          | Assessed Value | Estimated Actual Value | Assessed Value    | Estimated Actual Value | Assessed Value | Estimated Actual Value |  |                       |
| 2007     | \$ 734,544     | \$ 1,196,346           | \$ 33,456         | 33,456                 | \$ 768,000     | \$ 1,229,802           | 62.45%   | 1.2342                |
| 2008     | 1,001,615      | 1,594,138              | 40,106            | 40,106                 | \$ 1,041,721   | \$ 1,634,244           | 63.74%   | 1.8950                |
| 2009     | 959,295        | 1,529,879              | 40,671            | 40,671                 | \$ 999,966     | \$ 1,570,550           | 63.67%   | 1.2536                |
| 2010     | 885,770        | 1,418,248              | 36,064            | 36,064                 | \$ 921,834     | \$ 1,454,312           | 63.39%   | 1.3996                |
| 2011     | 847,451        | 1,354,163              | 41,820            | 41,820                 | \$ 889,271     | \$ 1,395,983           | 63.70%   | 1.3942                |
| 2012     | 865,044        | 1,377,165              | 42,924            | 42,924                 | \$ 907,968     | \$ 1,420,089           | 63.94%   | 1.3582                |
| 2013     | 894,332        | 1,436,830              | 43,997            | 43,997                 | \$ 938,329     | \$ 1,480,827           | 63.37%   | 1.2454                |
| 2014     | 942,632        | 1,524,070              | 43,215            | 43,215                 | \$ 985,847     | \$ 1,567,285           | 62.90%   | 1.3458                |
| 2015     | 993,111        | 1,585,053              | 46,034            | 46,034                 | \$ 1,039,145   | \$ 1,631,087           | 63.71%   | 1.3891                |
| 2016     | 1,081,615      | 1,719,823              | 48,756            | 48,971                 | \$ 1,130,371   | \$ 1,768,794           | 63.91%   | 1.4185                |

Sources: Utah State Tax Commission

## Centerville City Corporation

### Property Tax Levies and Collections Last Ten Calendar Years

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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> |
|----------------------|-----------------------|--------------------------------|-----------------------------------|-------------------------------|------------------------------|---|
| 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                                       |
| 2013                 | 1,001,709             | 959,591                        | 95.80                             | 33,944                        | 993,535                      | 99.18                                       |
| 2014                 | 1,096,936             | 1,047,455                      | 95.49                             | 25,640                        | 1,073,095                    | 97.83                                       |
| 2015                 | 1,170,324             | 1,134,694                      | 96.96                             | 32,814                        | 1,167,508                    | 99.76                                       |
| 2016                 | 1,144,344             | 1,140,626                      | 99.68                             | 25,736                        | 1,166,362                    | 101.92                                      |

Source: Utah State Tax Commission

## Centerville City Corporation

Property Tax Rates - Directy and Overlapping Governments  
Last Ten Calendar Years

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| <u>Tax<br/>Year</u> | <u>Centerville<br/>City</u> | <u>Davis<br/>County</u> | <u>Davis School<br/>District</u> | <u>Special Taxing<br/>Districts</u> | <u>Total<br/>Levy</u> |
|---------------------|-----------------------------|-------------------------|----------------------------------|-------------------------------------|-----------------------|
| 2007                | 0.123300                    | 0.256400                | 0.717600                         | 0.136900                            | 1.234200              |
| 2008                | 0.092300                    | 0.232900                | 0.676400                         | 0.087900                            | 1.089500              |
| 2009                | 0.110200                    | 0.257600                | 0.786000                         | 0.099800                            | 1.253600              |
| 2010                | 0.117300                    | 0.277500                | 0.886100                         | 0.118700                            | 1.399600              |
| 2011                | 0.116500                    | 0.239100                | 0.894100                         | 0.144500                            | 1.394200              |
| 2012                | 0.114100                    | 0.233100                | 0.871000                         | 0.140000                            | 1.358200              |
| 2013                | 0.107200                    | 0.216100                | 0.825900                         | 0.096200                            | 1.245400              |
| 2014                | 0.108800                    | 0.215300                | 0.855500                         | 0.166200                            | 1.345800              |
| 2015                | 0.098300                    | 0.200300                | 0.812500                         | 0.278000                            | 1.389100              |
| 2016                | 0.135400                    | 0.258600                | 0.757500                         | 0.119200                            | 1.270700              |

Source: Utah State Tax Commission

Centerville City Corporation

Principal Taxpayers  
Current Year and Ten Years Ago

| Tax Year 2017                       |      |                              |               |                                   |
|-------------------------------------|------|------------------------------|---------------|-----------------------------------|
| Taxpayer                            | Rank | Type of Business<br>Business | Taxable Value | Percent of Total<br>Taxable Value |
| Legacy Crossing LLC, (Theatre & Apa | 1    | Entertainment/Housing        | 27,819,016    | 2.46%                             |
| Dayton West LLC                     | 2    | Commercial Real Estate       | 27,702,731    | 2.45%                             |
| Pacificorp                          | 3    | Electrical Utility           | 21,340,027    | 1.89%                             |
| Wal-Mart Real Estate Business Trust | 4    | Commercial Real Estate       | 17,820,375    | 1.58%                             |
| Legacy Office Building LLC and JF   | 5    | Office                       | 11,400,100    | 1.01%                             |
| Dayton Hudson Corporation           | 6    | Commercial Real Estate       | 10,892,557    | 0.96%                             |
| Centerville Market Place LLC        | 7    | Retail                       | 10,680,600    | 0.94%                             |
| HD Development of Maryland Inc.     | 8    | Retail                       | 8,510,602     | 0.75%                             |
| SDCKP LLC                           | 9    | Retail                       | 6,864,941     | 0.61%                             |
| Deerwood Properties Utah LLC        | 10   | Property Management          | 6,827,100     | 0.60%                             |
|                                     |      | Total                        | 149,858,049   | 13.26%                            |

| Tax Year 2007                    |      |                              |               |                                   |
|----------------------------------|------|------------------------------|---------------|-----------------------------------|
| Taxpayer                         | Rank | Type of Business<br>Business | Taxable Value | Percent of Total<br>Taxable Value |
| Dayton Hudson Corp (Target)      | 1    | Retail                       | 23,506,869    | 3.85%                             |
| Home Depot                       | 2    | Retail                       | 7,060,000     | 1.16%                             |
| Pacificorp                       | 3    | Electrical Utility           | 7,018,299     | 1.15%                             |
| Dayton West, LLC                 | 4    | Commercial Real Estate       | 6,800,000     | 1.11%                             |
| Albertson's                      | 5    | Grocery                      | 5,004,962     | 0.82%                             |
| DIKA Properties                  | 6    | Commercial Real Estate       | 3,450,000     | 0.67%                             |
| Syro Steel                       | 7    | Manufacturing                | 4,198,104     | 0.59%                             |
| Hale Industries                  | 8    | Retail                       | 2,999,289     | 0.49%                             |
| Questar Gas                      | 9    | Natural Gas Utility          | 2,532,038     | 0.41%                             |
| Qwest Corporation (Century Link) | 10   | Communications               | 2,511,668     | 0.41%                             |
|                                  |      | Total                        | 65,081,229    |                                   |

Source: Davis County Clerk/Auditors Office

## Centerville City Corporation

### Property Value and Construction Last Ten Calendar Years

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| <u>Calendar<br/>Year</u> | <u>Non-residential<br/>Construction<br/>No. of Units</u> | <u>Value</u>  | <u>Residential<br/>Construction<br/>No. of Units</u> | <u>Value</u>  | <u>Total<br/>New Construction<br/>Value</u> | <u>Estimated<br/>Total Property<br/>Value</u> |
|--------------------------|--|---------------|--|---------------|---|---|
| 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                                 |
| 2013                     | 16   | 16,839,783    | 50   | 10,873,766    | \$ 27,713,549                               | 1,130,345,088                                 |
| 2014                     | 4  | 11,299,915    | 7  | 1,806,645     | \$ 13,106,560                               | 1,143,451,648                                 |
| 2015                     | 27   | 4,156,101     | 121  | 20,075,490    | \$ 24,231,591                               | 1,167,683,239                                 |
| 2016                     | 23   | 3,651,189     | 125  | 7,028,736     | \$ 10,679,925                               | 1,178,363,164                                 |

Source: Centerville City Community Development Department and Davis County Assessor

Centerville City Corporation

Ratio 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 Assessment Bonds | Water Revenue Bonds      |              |                          |                               |            |
| 2007        | \$ 995,000              | \$ -                    | \$ -          | \$ -          | \$ -                     | \$ 3,522,000             | \$ 4,517,000 | 0.70 %                   | 233.09                        |            |
| 2008        | 830,000                 | -                       | 312,000       | -             | -                        | 3,341,000                | 4,483,000    | 0.66 %                   | 220.02                        |            |
| 2009        | 655,000                 | 12,130,303              | 208,000       | -             | -                        | 3,154,000                | 16,147,303   | 0.62 %                   | 206.68                        |            |
| 2010        | 470,000                 | 10,970,694              | 104,000       | -             | -                        | 2,949,000                | 14,493,694   | 0.57 %                   | 192.31                        |            |
| 2011        | 275,000                 | 9,766,085               | -             | -             | -                        | 2,731,000                | 12,772,085   | 0.51 %                   | 176.88                        |            |
| 2012        | 75,000                  | 8,541,476               | -             | -             | -                        | 4,210,000                | 12,826,476   | 0.73 %                   | 271.09                        |            |
| 2013        | -                       | 7,241,867               | -             | -             | -                        | 3,875,000                | 11,116,867   | 0.62 %                   | 239.15                        |            |
| 2014        | -                       | 5,585,000               | -             | 172,866       | -                        | 3,520,000                | 9,277,866    | 0.56 %                   | 216.96                        |            |
| 2015        | -                       | 4,165,000               | -             | 130,894       | -                        | 3,155,000                | 7,450,894    | 0.61 %                   | 187.25                        |            |
| 2016        | -                       | 2,655,000               | -             | 88,102        | -                        | 2,750,000                | 5,493,102    | 0.41 %                   | 163.51                        |            |
| 2017        | -                       | 2,160,000               | -             | 44,474        | -                        | 2,325,000                | 4,529,474    | 0.84 %                   | 145.88                        |            |



## Centerville City Corporation

Direct and Overlapping Governmental Activities Debt  
As of June 30, 2017

| <u>Governmental Unit</u>          | <u>Outstanding<br/>Debt</u> | <u>Estimated<br/>Percentage<br/>Applicable (1)</u> | <u>Estimated<br/>Share of<br/>Overlapping</u> |
|-----------------------------------|-----------------------------|--|---|
| Debt repaid with property taxes   |                             |  |   |
| Davis County                      | \$ 14,185,000               | 5.00 %   | \$ 709,250                                    |
| Davis School District             | 460,010,000                 | 5.00   | 23,000,500                                    |
| Weber Basin Water Conservancy     | 19,862,674                  | 0.24   | 47,670  |
| State of Utah                     | 2,173,985,000               | 0.56   | 12,174,316                                    |
| South Davis Recreation District   | 10,590,000                  | 15.77  | 1,670,043                                     |
| Other Debt - Davis County         |                             |  |   |
| Sales Tax Revenue Bonds           | 31,624,656                  | 11.23  | 3,551,449                                     |
| MBA lease revenue bonds           | 18,653,000                  | 5.00   | 932,650                                       |
| Total Overlapping Debt            | <u>2,728,910,330</u>        |  | <u>42,085,878</u>                             |
| Direct Debt - Centerville City    |                             |  |   |
| Sales Tax Revenue Bonds           | <u>\$ 2,160,000</u>         | 100.00   | <u>2,160,000</u>                              |
| Total direct and overlapping debt | <u>\$ 2,731,070,330</u>     |  | <u>\$ 44,245,878</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 Information  
Last Ten Fiscal Years

|  | Fiscal Year          |                      |                      |                      |                      | Fiscal Year          |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2008                 | 2009                 | 2010                 | 2011                 | 2012                 | 2013                 | 2014                 | 2015                 | 2016                 | 2017                 |
| Debt Limit   | \$ 35,971,172        | \$ 34,500,403        | \$ 32,209,898        | \$ 30,499,924        | \$ 31,078,256        | \$ 37,623,137        | \$ 39,134,632        | \$ 40,819,160        | \$ 43,298,657        | \$ 46,767,432        |
| Total debt applicable to limit (1)                               | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Legal debt margin  | <u>\$ 35,971,172</u> | <u>\$ 34,500,403</u> | <u>\$ 32,209,898</u> | <u>\$ 30,499,924</u> | <u>\$ 31,078,256</u> | <u>\$ 37,623,137</u> | <u>\$ 39,134,632</u> | <u>\$ 40,819,160</u> | <u>\$ 43,298,657</u> | <u>\$ 46,767,432</u> |
| Total debt applicable to the limit as a percentage of debt limit | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                |

Legal Debt Margin Calculation for Fiscal Year 2017

|                                   |           |                   |
|-----------------------------------|-----------|-------------------|
| Assessed Value                    | \$        | 1,169,185,795     |
| Debt limit (4% of assessed value) |           | 46,767,432        |
| Debt applicable to limit          |           | -                 |
| Legal debt margin                 | <u>\$</u> | <u>46,767,432</u> |

## Centerville City Corporation

### Pledged Revenue Bond Coverage

#### Last Eight Years

#### Sales Tax Revenue Bonds series 2009

| Fiscal<br>Year | Sales & Use<br>Tax Revenue | Debt Service Requirements |                   |              | Coverage |
|----------------|----------------------------|---------------------------|-------------------|--------------|----------|
|                |                            | Principal                 | Interest & Fiscal | Total        |          |
| 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     |
| 2014           | 3,335,469                  | 1,340,000                 | 254,864           | 1,594,864    | 2.09     |
| 2015           | 3,509,401                  | 1,420,000                 | 201,388           | 1,621,388    | 2.16     |
| 2016           | 3,619,152                  | 1,510,000                 | 144,588           | 1,654,588    | 2.19     |
| 2017           | 3,804,117                  | 495,000                   | 95,512            | 590,512      | 6.44     |

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

Centerville City Corporation

Pledged Revenue Bond Coverage (Continued)

Last Ten Fiscal Years

Water Revenue Bonds

| <u>Fiscal Year</u> | <u>Gross Revenues</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> |
|--------------------|-----------------------|----------------------------|-------------------------------------|------------------------------|------------------|-----------------|--------------|-----------------|
| 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             | -                          | (2,064,481)                         | 535,782                      | 313,619          | 77,606          | \$ 391,225   | 1.37            |
| 2014               | 2,980,802             | (74,570)                   | (1,936,189)                         | 970,043                      | 355,000          | 106,012         | \$ 461,012   | 2.10            |
| 2015               | 2,842,413             | -                          | (2,163,073)                         | 679,340                      | 365,000          | 98,813          | \$ 463,813   | 1.46            |
| 2016               | 3,638,778             | -                          | (2,248,384)                         | 1,390,394                    | 405,000          | 87,063          | \$ 492,063   | 2.83            |
| 2017               | 3,881,109             | 177,385                    | (2,228,181)                         | 1,830,313                    | 425,000          | 70,786          | \$ 495,786   | 3.69            |

(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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| alendYear |                | Per Capita | Personal       | Unemployment | Median  | Average Size     |
|-----------|----------------|------------|----------------|--------------|---------|------------------|
| Year      | Population (1) | Income (2) | Income (2)     | Rate (3)     | Age (4) | of Household (4) |
| 2007      | 15,110         | \$ 31,518  | \$ 476,236,980 | 3.7 %        | 27.3    | 3.52             |
| 2008      | 15,185         | 31,915     | 484,629,275    | 5.4          | 27.3    | 3.52             |
| 2009      | 15,260         | 32,115     | 490,074,900    | 5.9          | 27.3    | 3.52             |
| 2010      | 15,335         | 33,104     | 507,649,840    | 6.7          | 31.7    | 3.21             |
| 2011      | 15,440         | 33,817     | 522,134,480    | 5.2          | 31.7    | 3.21             |
| 2012      | 16,203         | 34,755     | 563,135,265    | 4.3          | 31.7    | 3.21             |
| 2013      | 16,624         | 35,430     | 588,988,320    | 3.6          | 31.7    | 3.21             |
| 2014      | 16,819         | 35,898     | 603,768,462    | 3.5          | 31.7    | 3.21             |
| 2015      | 16,877         | 34,324     | 579,286,148    | 2.9          | 31.7    | 3.21             |
| 2016      | 17,286         | 31,049     | 536,713,014    | 3.1          | 33.7    | 3.06             |

(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 and Ten Years Ago

| Employer                   | 2017      |      |                  | 2007      |      |                        |
|----------------------------|-----------|------|------------------|-----------|------|------------------------|
|                            | Employees | Rank | Type of Business | Employees | Rank | Type of Business       |
| Wal Mart                   | 250-499   | 1    |                  | 250-499   | 2    | General Merchandise    |
| Deseret Industries         | 100-249   | 2    |                  | 100-249   | 5    | Retail Trade           |
| Target                     | 100-249   | 3    |                  | 100-249   | 3    | General Merchandise    |
| Management & Training Corp | 500-999   | 4    |                  | 100-249   | 1    | Job Training Services  |
| Dicks Market               | 100-249   | 5    |                  | 100-249   | 4    | Grocery Store          |
| Home Depot                 | 100-249   | 6    |                  | 100-249   | 7    | Retail Trade           |
| Megaplex                   | 100-249   | 7    |                  | NA        |      | Entertainment          |
| Kohl's                     | 100-249   | 8    |                  | NA        |      | General Merchandise    |
| Chick-Fil-A                | 50-99     | 9    |                  | NA        |      | Restaurant - Fast Food |
| Colonial Building Supply   | 50-99     | 10   |                  | 100-249   | 9    | Building Materials     |

Source: Community Development Business License Database

## Centerville City Corporation

### Full-time Equivalent City Government Employees by Function/Program Last Ten Fiscal Years

| Function                        | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         | 2016         | 2017         |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>General government</b>       |              |              |              |              |              |              |              |              |              |              |
| Administration                  | 3            | 3            | 3            | 3            | 3            | 3            | 3            | 3            | 3            | 3            |
| Finance/Admin. services         | 3.5          | 3.5          | 3.5          | 3.5          | 3.5          | 3.5          | 3.5          | 3.5          | 3.5          | 4.5          |
| Justice Court                   | 3.75         | 3.75         | 3.75         | 2.75         | 2.50         | 2.50         | 2.50         | 2.50         | 2.50         | 2.00         |
| <b>Total General Government</b> | <b>10.25</b> | <b>10.25</b> | <b>10.25</b> | <b>9.25</b>  | <b>9.00</b>  | <b>9.00</b>  | <b>9.00</b>  | <b>9.00</b>  | <b>9.00</b>  | <b>9.50</b>  |
| <b>Police</b>                   |              |              |              |              |              |              |              |              |              |              |
|                                 | 25           | 25           | 25           | 25           | 25           | 25           | 25           | 25           | 25.5         | 29.0         |
| <b>Community Development</b>    |              |              |              |              |              |              |              |              |              |              |
|                                 | 4            | 4            | 3            | 3            | 3            | 3            | 3            | 3            | 3            | 3            |
| <b>Public Works</b>             |              |              |              |              |              |              |              |              |              |              |
| Administration                  | 4            | 4            | 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          | 6.5          | 6.5          |
| Drainage                        | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| <b>Total Public Works</b>       | <b>14.5</b>  | <b>14.5</b>  | <b>14.5</b>  | <b>14.5</b>  | <b>14.5</b>  | <b>14.5</b>  | <b>14.5</b>  | <b>14.5</b>  | <b>15.5</b>  | <b>15.5</b>  |
| <b>Parks &amp; Recreation</b>   |              |              |              |              |              |              |              |              |              |              |
| Parks                           | 9.5          | 9.5          | 9.5          | 9.5          | 9.5          | 9.5          | 9.5          | 9.5          | 9.5          | 10.8         |
| Recreation                      | 6.5          | 6.5          | 6.5          | 6.5          | 6.5          | 6.5          | 6.5          | 6.5          | 6.5          | 5.5          |
| Museum                          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          |
| Building Maintenance            | 0.75         | 0.75         | 0.75         | 0.75         | 0.75         | 0.75         | 0.75         | 0.75         | 0.75         | 0.75         |
| <b>Total Parks and Rec</b>      | <b>17.25</b> | <b>17.25</b> | <b>17.25</b> | <b>17.25</b> | <b>17.25</b> | <b>17.25</b> | <b>17.25</b> | <b>17.25</b> | <b>17.25</b> | <b>17.25</b> |
| <b>Total Primary Government</b> | <b>71.00</b> | <b>71.00</b> | <b>70.00</b> | <b>69.00</b> | <b>68.75</b> | <b>68.75</b> | <b>68.75</b> | <b>68.75</b> | <b>70.25</b> | <b>74.25</b> |

Sources: Centerville City Payroll

## Centerville City Corporation

### General Fund Expenditures by Function Last Ten Fiscal Years

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| <u>Fiscal<br/>Year</u> | <u>General<br/>Government</u> | <u>Public<br/>Safety</u> | <u>Public<br/>Works</u> | <u>Community<br/>Development</u> | <u>Parks &amp;<br/>Recreation</u> | <u>Total</u> |
|------------------------|-------------------------------|--------------------------|-------------------------|----------------------------------|-----------------------------------|--------------|
| 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 |
| 2014                   | 1,380,944                     | 3,194,578                | 2,238,112               | 345,980                          | 1,007,872                         | \$ 8,167,486 |
| 2015                   | 1,405,409                     | 3,394,303                | 1,774,789               | 355,398                          | 1,059,677                         | \$ 7,989,576 |
| 2016                   | 597,100                       | 3,201,291                | 1,154,582               | 408,860                          | 964,216                           | \$ 6,326,049 |
| 2017                   | 555,785                       | 3,387,347                | 1,139,969               | 345,792                          | 935,066                           | \$ 6,363,959 |



Centerville City Corporation

Operating Indicators by Function

Current Calendar Year and Prior Nine Years (previous years not available)

| Function                                      | 2007        | 2008         | 2009        | 2010        | 2011        | 2012        | 2013        | 2014        | 2015        | 2016        |
|---|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Community development                         |             |              |             |             |             |             |             |             |             |             |
| Single Dwelling permits                       | 43          | 14           | 7           | 10          | 32          | 40          | 16          | 7           | 27          | 24          |
| Double Dwelling permits                       | 8           | 48           | 24          | 8           | 22          | 40          | 23          | -           | 1           | 29          |
| Multi-family Dwelling permits                 | 24          | 24           | -           | -           | 3           | 1           | -           | -           | 4           | 72          |
| Commercial permits                            | 26          | 20           | 15          | 7           | 23          | 15          | 16          | 36          | 27          | 23          |
| Demolition permits                            | 12          | 7            | 6           | 2           | -           | 2           | 3           | 5           | 4           | 2           |
| Permit process time                           | 7 days      | 7 days       | 7 days      | 7 days      | 5 days      | 5 days      | 5 days      | 3-5 days    | 3-5 days    | 3-5 days    |
| Parks, Recreation and Trails                  |             |              |             |             |             |             |             |             |             |             |
| Developed Acreage                             | 88          | 88           | 88          | 88          | 88          | 88          | 88          | 88          | 88          | 88          |
| Undeveloped Acreage                           | 35          | 35           | 35          | 35          | 35          | 35          | 35          | 35          | 35          | 35          |
| Youth in Recreation Programs                  | 2,970       | 2,658        | 2,732       | 2,446       | 2,510       | 2,374       | 2,150       | 2,476       | 2,153       | 2,339       |
| Police Services                               |             |              |             |             |             |             |             |             |             |             |
| Expenditures per officer                      | 103,968     | 113,688      | 119,140     | 119,140     | 125,047     | 136,302     | 143,876     | 132,710     | 141,519     | 139,561     |
| Average response time (minutes)               | 3.5 to 4    | 1.23 to 6.52 | .80 to 2.93 | 3.32        | 3.63        | 3.45        | 1.2         | n/a         | 3.12        | 4.04        |
| Police reports per officer                    | 201         | 135          | 143         | 124         | 130         | 138         | 145         | n/a         | n/a         | n/a         |
| Water   |             |              |             |             |             |             |             |             |             |             |
| Gallons billed                                | 449,896,786 | 476,933,000  | 492,084,000 | 503,910,000 | 482,390,000 | 452,190,000 | 434,060,000 | 420,900,000 | 417,030,000 | 421,080,000 |
| Residential connections                       | 3,995       | 4,041        | 4,093       | 4,110       | 4,114       | 4,211       | 4,275       | 4,468       | 4,492       | 4,580       |
| Other connections                             | 452         | 459          | 461         | 463         | 465         | 467         | 483         | 501         | 502         | 246         |
| Taxes   |             |              |             |             |             |             |             |             |             |             |
| Taxable sales per capita (local option)       | 20,747      | 21,761       | 19,856      | 20,954      | 22,136      | 22,930      | 22,851      | 23,650      | 24,776      | 26,879      |
| Sales tax revenue per capita (local option)   | \$194.27    | \$210.63     | \$188.22    | \$178.22    | \$193.51    | \$197.30    | \$200.65    | \$208.66    | \$219.09    | \$237.69    |
| Indexed to State average (less resort cities) | 103.00%     | 115.10%      | 111.37%     | 109.34%     | n/a         | n/a         | 168.39%     | n/a         | n/a         | n/a         |
| Property tax revenue per capita (non RDA)     | \$56.68     | \$57.99      | \$57.36     | \$62.45     | \$60.35     | \$60.82     | \$59.97     | \$56.60     | \$59.07     | \$72.14     |
| Indexed to State average (less resort cities) | 80.20%      | 78.36%       | 59.13%      | 63.72%      | n/a         | n/a         | n/a         | n/a         | n/a         | n/a         |
| Franchise tax per capita                      | \$57.58     | \$61.51      | \$63.19     | \$63.02     | \$64.05     | \$64.05     | \$68.83     | \$67.33     | \$67.64     | \$65.18     |
| Indexed to State average (less resort cities) | 163.16%     | 384.44%      | 210.63%     | 233.41%     | n/a         | n/a         | n/a         | n/a         | n/a         | n/a         |
| Total tax revenues per capita                 | \$308.53    | \$330.13     | \$308.77    | \$303.69    | \$317.91    | \$232.91    | \$360.59    | \$375.07    | \$383.50    | \$457.38    |
| Indexed to State average (less resort cities) | 104.80%     | 120.93%      | 104.31%     | 105.45%     | n/a         | n/a         | n/a         | n/a         | n/a         | n/a         |
| General Fund revenues per capita              | \$456.00    | \$426.00     | \$428.00    | \$485.00    | \$483.03    | \$473.93    | \$483.80    | \$489.22    | \$459.17    | \$404.57    |
| General Fund expenditures per capita          | \$407.00    | \$444.00     | \$446.00    | \$493.00    | \$490.52    | \$438.36    | \$463.25    | \$478.71    | \$437.92    | \$392.21    |
| Capital improvement expenditures per capita   | \$123.00    | \$72.00      | \$101.00    | \$394.00    | \$391.60    | \$112.52    | \$95.06     | \$31.32     | \$121.36    | \$59.40     |

Sources: Utah State Tax Commission, UCMA Benchmarking report, Centerville City Operational Metrics

Centerville City Corporation

Capital Asset Statistics by Function  
Last Ten Fiscal Years

| Function   | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Population Estimate (1)                                      | 15,185 | 15,260 | 15,335 | 15,440 | 15,530 | 16,203 | 16,624 | 16,849 | 16,877 | 17,286 |
| 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   | 61     | 62     | 62     | 64     | 64     | 64     | 64     | 65     | 67     | 67     |
| Number of Street Lights                                      | 733    | 715    | 715    | 725    | 728    | 733    | 741    | 753    | 753    | 753    |
| 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                                    | 17     | 17     | 17     | 17     | 17     | 17     | 17     | 18     | 18     | 18     |
| Municipal Water  |        |        |        |        |        |        |        |        |        |        |
| Number of Customers  | 4,499  | 4,523  | 4,541  | 4,589  | 4,624  | 4,699  | 4,758  | 4,763  | 4,763  | 4,826  |
| Miles of Water Mains   | 72     | 72     | 72     | 74     | 77     | 78     | 78     | 80     | 81     | 81     |
| Number of Culinary Water Wells                               | 8      | 8      | 8      | 8      | 8      | 8      | 9      | 9      | 9      | 9      |
| 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    | 3,983  | 4,024  | 4,127  | 4,152  | 4,196  | 4,239  | 4,239  | 4,286  |
| Number of recycling customers                                | n/a    | n/a    | 3,272  | 3,416  | 3,546  | 3,582  | 3,674  | 3,701  | 3,771  | 3,793  |
| Number of green waste customers                              | n/a    | n/a    | n/a    | 905    | 1,066  | 1,075  | 1,118  | 1,230  | 1,255  | 1,248  |
| Building Permits Issued (new construction, includes remodel) | 115    | 55     | 46     | 98     | 80     | 96     | 74     | 216    | 240    | 122    |
| Parks & Recreation   |        |        |        |        |        |        |        |        |        |        |
| Office, Maintenance, Storage Buildings                       | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      | 1      |
| Developed Parks  | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 7      | 7      |
| Undeveloped Parks & Trails                                   | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      |
| Pavilions  | 7      | 7      | 7      | 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.

**OTHER COMMUNICATIONS FROM  
INDEPENDENT AUDITORS**

**Independent Auditors' 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***

To the Honorable Mayor and City Council  
Centerville City Corporation  
Centerville City, Utah

We have audited, in accordance with the 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 (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2017.

**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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 from 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 purpose 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 entity'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.

A handwritten signature in cursive script that reads "Hinton Burdick, PLLC".

HintonBurdick, PLLC  
St. George, Utah  
October 31, 2017

**Independent Auditors' Report**  
**in Accordance with the *State Compliance Audit Guide* On:**  
**Compliance with General State Compliance Requirements and**  
**Internal Control over Compliance**

To the Honorable Mayor and City Council  
Centerville City Corporation  
Centerville City, Utah

**Report On Compliance with General State Compliance Requirements and for Each Major State Program**

We have audited Centerville City Corporation's (the City) compliance with the applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City or each of its major state programs for the year ended June 30, 2017.

General state compliance requirements were tested for the six months ended June 30, 2017 in the following areas:

|  |                              |
|--|------------------------------|
| Budgetary Compliance   | Restricted Taxes             |
| Fund Balance   | Open and Public Meetings Act |
| Justice Courts   |                              |
| Utah Retirement Systems  |                              |
| Treasurer's Bond   |                              |
| Enterprise Fund Transfers, Reimbursements, Loans, and Services |                              |

The City did not have any state funding classified as a major program during the year ended June 30, 2017.

***Management's Responsibility***

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. 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 Compliance Audit Guide*. Those standards and the *State 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 direct and material effect on the City or its major state programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the City's compliance.

### ***Opinion on General State Compliance Requirements***

In our opinion, Centerville City Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2017.

### ***Other Matters***

The results of our auditing procedures disclosed three instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*. The noncompliance is described in the accompanying schedule of findings, recommendations and responses items 2017-001, 2017-002, and 2017-003. Our opinion on compliance is not modified with respect to these matters.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with general state compliance requirements and for each major state program and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Purpose of Report***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

*Hinton Burdick, PLLC*

HintonBurdick, PLLC  
St. George, Utah  
October 31, 2017



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**Findings, Recommendations and Responses  
For the Year Ended June 30, 2017**

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

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. We wish to commend the City for their administrative achievements and oversight of the City's accounting and budgeting system this last fiscal year. During our audit of the funds of Centerville City for the fiscal year ended June 30, 2017 we noted a few areas needing corrective action in order for the City to be in compliance with laws and regulations. These items are discussed below for your consideration.

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

**Significant Deficiencies:**

None Noted

**COMPLIANCE AND OTHER MATTERS:**

**Compliance:**

2017-001      Treasurer's Bond

*Criteria:* Utah Administrative Code R628-4-4 requires the City to have a corporate surety bond with a minimum bond amount based on the previous fiscal year budgeted revenues. For fiscal year 2017 the minimum bond amount for the City was \$717,933.

*Condition:* The amount the City was bonded for in fiscal year 2017 was \$500,000.

*Cause:* It appears that there are not sufficient controls in place to ensure that the minimum bond meets the requirements for the Utah Administrative Code referenced above.

*Effect:* The City is out of compliance with Utah Administrative Code R628-4-4.

*Recommendation:* We recommend the City establish a policy and related procedures to have the bond reviewed each year to ensure that it is in compliance with the requirements set forth in the code mentioned above.

*Management's Response:*

*The City will implement procedures to ensure that it is in compliance with the requirements set forth in the code mentioned above.*

2017-002      Open and Public Meeting Act

*Condition:* The City is not posting all of their council meeting minutes in a timely manner to the Utah Public Notice Website.

*Criteria:* Utah Code Section 52-4-203(4)(e) states that cities must post the agenda and minutes within 3 days of being approved by the City Council.

*Effect:* When the City fails to upload the minutes to the website the citizens don't have timely access to the content of the public meetings.

*Cause:* The City doesn't have adequate controls to ensure that the minutes are uploaded within the required time frame.

*Recommendation:* We recommend that the City establish procedures to ensure that council meeting minutes are posted to the Utah Public Notice Website within three days of being approved.

*Management's Response:*

*The City will implement procedures to ensure all minutes are posted to the Utah Public Notice Website within the required three days.*

2017-003.      Budgetary Compliance

*Criteria:* Utah Code Section 10.6.123 states a City may not make or incur expenditures in excess of total appropriations adopted in the budget. Additionally per Utah Code Section 10.6.148 The city recorder or other delegated person in each city of the third, fourth, or fifth class shall prepare and present to the governing body monthly summary financial reports and quarterly detail financial reports, prepared in the manner prescribed in the Uniform Accounting Manual for Utah Cities

*Condition:* During 2017, the City's Recreation Special Revenue Fund expenditures exceeded budgeted expenditures by \$13,150. In addition, the financial packets submitted to the governing body did not accurately reflect the financial information of the City during part of the fiscal year. We noted that this had been corrected starting in May 2017.

*Cause:* The city did not adequately estimate the costs associated with the activities offered by the Recreation fund. In addition, the delegated person who prepared the monthly financial reports was not using reports generated from the accounting system.

*Effect:* The City is not in compliance with state budgeting requirements.

*Recommendation:* We recommend the City continue to follow procedures to limit expenditures within authorized limits or amend its budget during the year when events arise causing certain funds to exceed the budget. We recognize the City usually does a great job of limiting expenditures below budgeted amounts. Nevertheless, rare circumstances in 2017 caused expenditures to exceed the budget. We also recommend that the City utilize reports generated from the accounting system and present them as prescribed in the codes mentioned above.

*Management's Response:*

*The City has been in compliance with the monthly reporting requirements of Utah Code Section 10.6.148 since May 2017 and will continue to do so in the future. The City will review the budget status of each Fund periodically throughout the fiscal year to determine if budget amendments are needed, with the intent of complying with UCA 10.3.123. It should be noted, however, that the Recreation Fund is an enterprise fund and the additional expenditures above the appropriation amount were more than offset by additional recreation revenue. The month of June—the last month in the fiscal year—is the heaviest expenditure month for the recreation program; therefore, making a budget amendment in June—before the fiscal year ends—involves some uncertainty.*

This report is intended solely for the information and use of the City Council, management, and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the City this past year. We would like to express special thanks to all those who assisted us so efficiently in this year's audit. We invite you to ask questions of us throughout the year as you feel necessary. We look forward to a continued professional relationship.

Sincerely,



HintonBurdick, PLLC

October 31, 2017