

WATER REVENUE & REFUNDING BONDS SERIES 2012 CONTINUING DISCLOSURE REPORT

CENTERVILLE CITY, UTAH



DECEMBER 19, 2018


LEWIS YOUNG
ROBERTSON & BURNINGHAM, INC.

GATEWAY PLAZA BUILDING - 41 N. RIO GRANDE, STE 101 - SALT LAKE CITY, UT 84101
(P) 801-596-0700 - (TF) 800-581-1100 - (F) 801-596-2800 - WWW.LEWISYOUNG.COM



TABLE OF CONTENTS

SOURCES OF WATER.....	2
WATER CONNECTIONS.....	2
WATER USAGE.....	2
WATER RATES.....	3
SCHEDULE ANNUAL RATE INCREASES.....	3
FIVE YEAR FINANCIAL SUMMARIES.....	4
HISTORICAL REVENUES AND DEBT SERVICE COVERAGE OF THE SYSTEM	8
REPORTING OF MATERIAL EVENTS.....	9
AUDITED FINANCIAL STATEMENTS	10



SOURCES OF WATER

SOURCES OF WATER - WATER PRODUCED (MILLIONS OF GALLONS)									
SOURCE	CAPACITY (GPM)	2018	2017	2016	2015	2014	2013	2012	2011
New City Hall	870	35.2	60.50	92.04	61.02	68.30	123.61	98.27	154.82
Church	500	59.2	64.40	71.44	100.11	104.29	103.51	179.09	60.91
Rick's Creek	850	60.4	75.50	79.55	52.75	64.99	92.35	39.13	39.95
Lyon	550	17.5	14.20	1.47	9.68	20.73	31.48	22.41	15.87
Carrington	850	66.8	32.70	52.48	85.75	23.40	30.69	65.63	44.18
Chase Lane	850	63.7	28.54	276.01	309.31	33.56	-	-	-
Total	4,470	302.8	275.84	572.99	618.62	315.27	381.64	404.53	315.73

Source: Centerville City

WATER CONNECTIONS

CALENDAR YEAR	TOTAL WATER CONNECTIONS	PERCENT CHANGE FROM PRIOR YEAR
2017	4,905	1.83%
2016	4,817	0.65%
2015	4,786	1.10%
2014	4,734	1.20%
2013	4,678	0.45%
2012	4,657	1.31%
2011	4,597	0.17%

Source: Centerville City

WATER USAGE

CALENDAR YEAR	WATER SALES	CONNECTION FEES	TOTAL	AVERAGE MONTHLY BILL	TOTAL CONSUMPTION (000 GALLONS)
2017	2,261,884	7,620	2,269,504	38.43	445,474
2016	2,281,811	23,946	2,305,757	30.15	577,358
2015	1,996,469	40,784	2,037,253	27.41	542,860
2014	1,898,387	42,609	1,940,996	26.36	541,790
2013	1,831,511	13,863	1,845,374	26.67	525,000
2012	1,730,941	28,090	1,759,031	25.64	509,177
2011	1,511,089	19,116	1,530,205	24.65	530,025

Source: Centerville City



WATER RATES

METER SIZE	BASE RATE	\$1.04/1,000 GALLONS	\$1.42/1,000 GALLONS	\$1.85/1,000 GALLONS
3/4"	\$ 26.86	0-5,000	5,000-10,000	Above 10,000
1"	60.90	0-10,000	10,000-20,000	Above 20,000
1 1/2"	140.32	0-30,000	30,000-60,000	Above 60,000
2"	231.09	0-50,000	50,000-100,000	Above 100,000
3"	514.74	0-110,000	110,000-220,000	Above 220,000
4"	1,422.42	0-310,000	320,000-620,000	Above 620,000

Source: Centerville City

SCHEDULE ANNUAL RATE INCREASES

Effective June 26, 2017, the City implemented a 10% increase to all water rates to all customer types and to all tier charges per 1,000 gallons. In addition, the City implemented another 10% increase to all water rates to all customer types and to all tier charges per 1,000 gallons effective June 26, 2018. The City does not anticipate additional rate increases for the next 5 years.



FIVE YEAR FINANCIAL SUMMARIES

The following four tables present an unaudited five-year summary of the Statement of Net Assets and Statement of Revenues, Expenditures, and Changes in Fund Net Assets for the City's Water and Drain Utility Funds.

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - WATER UTILITY					
FISCAL YEAR ENDING 6/30	2018	2017	2016	2015	2014
Assets:					
Current Assets:					
Cash and Cash Equivalents	-	164,791	-	57,043	1,297,267
Accounts Receivable - Net	429,621	244,368	198,338	138,800	142,706
Unbilled Receivables	-	-	-	30,155	30,155
Prepaid and Other	45,853	42,542	45,538	45,537	44,414
Inventory	264,681	304,315	-	-	-
Restricted Cash and Cash Equivalents	302,097				
Due From Other Funds	-	-	512,047	158,474	158,474
Total Current Assets	1,042,252	756,016	755,923	430,009	1,673,016
Noncurrent Assets:					
Restricted Cash	-	-	6	203,884	999,330
Unamortized bond issuance costs	-	-	-	45	-
Total Other Assets	-	-	6	203,929	999,330
Property, Plant, and Equipment					
Water Stock and Rights	48,617	48,617	48,617	48,617	48,617
Land	236,909	236,909	236,909	236,909	236,909
Reservoirs	-	-	984,857	984,857	984,857
Water Distribution System	16,713,590	15,793,000	14,438,603	14,240,220	13,369,160
Buildings and Wells	3,501,966	3,424,196	3,424,196	3,424,196	3,400,550
Machinery and Equipment	661,147	661,147	627,060	632,434	611,175
Construction in Process	118,022	92,306	26,376	-	-
Accumulated Depreciation	(7,039,193)	(6,611,271)	(6,182,824)	(5,797,488)	(5,448,207)
Total Noncurrent Assets	14,241,058	13,644,904	13,603,800	13,973,674	14,202,391
Total Assets	15,283,310	14,400,920	14,359,723	14,403,683	15,875,407
Deferred Outflows of Resources:					
Deferred loss on refunding	14,450	15,044	15,965	17,252	18,267
Deferred outflows related to pensions	113,223	120,478	100,539	25,592	-
Total deferred outflows of resources	127,673	135,522	116,504	42,844	18,267
Total Assets and Deferred Outflows	15,410,983	14,536,442	14,476,227	14,446,527	15,893,674
Liabilities:					
Current Liabilities:					
Accounts Payable	39,387	149,937	61,634	-	-
Accrued Liabilities	11,390	9,833	-	-	-
Accrued Interest Payable	16,590	17,666	20,413	24,508	26,642
Compensated Absences	30,000	40,000	30,000	20,227	19,796
Due to Other Funds	28,354	-	561,924	600,000	2,064,823
Bonds Payable - current	206,000	143,000	330,000	346,598	336,597
Due to Subdividers	-	-	-	1,187	1,178
Total Current Liabilities	331,721	360,436	1,003,971	992,520	2,449,036
Long-Term Liabilities:					
Bonds Payable	1,587,415	1,798,910	1,944,704	2,142,207	2,481,844



CENTERVILLE CITY, UTAH

WATER REVENUE & REFUNDING BONDS, SERIES 2012 – DISCLOSURE REPORT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - WATER UTILITY

FISCAL YEAR ENDING 6/30	2018	2017	2016	2015	2014
Compensated Absences	26,675	11,423	31,667	69,082	68,725
Net pension liability	131,629	212,317	189,203	114,370	-
Total Long-Term Liabilities	1,745,719	2,022,650	2,165,574	2,325,659	2,550,569
Total Liabilities	2,077,440	2,383,086	3,169,545	3,318,179	4,999,605
Deferred inflows of Resources					
Resources related to pensions	101,132	29,038	20,786	-	-
Total Deferred Outflows of Resources	101,132	29,038	20,786	-	-
Net Position:					
Invested in Cap Assets, Net of Related Debt	12,447,643	11,702,994	11,329,090	11,263,688	9,201,723
Restricted for Debt Service and Development	302,097	-	512,047	203,884	999,330
Unrestricted	482,671	421,324	(555,241)	(359,581)	693,007
Total Net Assets	13,232,411	12,124,318	11,285,896	11,107,991	10,894,060
Total Liabilities and Total Net Assets	15,410,983	14,536,442	14,476,227	14,446,527	15,893,674

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - DRAINAGE UTILITY

FISCAL YEAR ENDING 6/30	2018	2017	2016	2015	2014
Assets:					
Current Assets:					
Cash and Cash Equivalents	1,419,333	755,933	69,017	516,111	837,667
Accounts Receivable - Net	117,327	118,996	117,725	58,278	57,202
Due from other funds	-	48,358	561,924	-	-
Restricted Cash and Cash Equivalents	-	39,750			
Total Current Assets	1,536,660	963,037	748,666	574,389	894,869
Noncurrent Assets:	-	-	-	-	-
Restricted Cash	-	-	-	-	-
Unamortized bond issuance costs	-	-	-	-	-
Net pension asset	-	-	-	6	-
Total Other Assets	-	-	-	6	-
Property, Plant, and Equipment					
Machinery and Equipment	152,338	152,338	152,338	152,338	152,338
Construction in Process	-	420,727	17,689		
Sub-Drain System	-	-	1,975,244	1,975,244	1,940,244
Storm Drain System	5,152,505	4,666,309	2,629,457	2,137,672	1,844,480
Accumulated Depreciation	(1,018,571)	(919,484)	(820,393)	(723,734)	(650,593)
Total Noncurrent Assets	4,286,272	4,319,890	3,954,335	3,541,526	3,286,469
Total Assets	5,822,932	5,282,927	4,703,001	4,115,915	4,181,338
Deferred Outflows of Resources:					
Deferred loss on refunding	2,367	2,464	2,615	2,662	3,106
Deferred outflows related to pensions	30,093	29,872	27,397	3,656	-
Total deferred outflows of resources	32,460	32,336	30,012	6,318	3,106
Total Assets and Deferred Outflows	5,855,392	5,315,263	4,733,013	4,122,233	4,184,444
Liabilities:					
Current Liabilities:					
Accounts Payable	123,182	117,972	137,255		
Accrued Liabilities	2,003	1,933	-	-	-
Accrued Interest Payable	4,802	5,113	5,908	7,213	7,513
Compensated absences	6,000	5,000	10,000	-	-
Due to Other Funds	-	-	-	158,474	158,474
Bonds Payable - current	59,000	42,000	95,000	75,000	45,000



CENTERVILLE CITY, UTAH

WATER REVENUE & REFUNDING BONDS, SERIES 2012 – DISCLOSURE REPORT

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS - DRAINAGE UTILITY

FISCAL YEAR ENDING 6/30	2018	2017	2016	2015	2014
Total Current Liabilities	194,987	172,018	248,163	240,687	210,987
Long-Term Liabilities:					
Bonds Payable	464,377	525,164	568,072	796,769	878,731
Compensated absence, net of current	10,136	10,551	4,971	-	-
Net pension liability	26,998	42,044	38,793	16,339	-
Total Long-Term Liabilities	501,511	577,759	611,836	813,108	878,731
Total Liabilities	696,498	749,777	859,999	1,053,795	1,089,718
Deferred inflows of Resources					
Resources related to pensions	20,743	5,750	4,262	-	-
Total Deferred inflows of Resources	20,743	5,750	4,262	-	-
Net Assets:					
Invested in Cap Assets, Net of Related Debt	3,762,895	3,752,726	3,291,263	2,669,751	2,362,738
Restricted for Debt Service and Development	-	39,750	-	-	-
Unrestricted	1,375,256	767,260	577,489	395,779	581,988
Total Net Assets	5,138,151	4,559,736	3,877,276	3,065,530	2,944,726
Total Liabilities and Total Net Assets	5,855,392	5,315,263	4,733,013	4,122,233	4,184,444

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS - WATER UTILITY

FISCAL YEAR ENDING 6/30	2018	2017	2016	2015	2014
Operating Revenues:					
Charges for Services	2,661,884	2,281,811	1,996,469	1,898,387	1,896,778
Delinquent Charges	-	-	-	-	-
Connection and Servicing	7,620	23,946	40,784	42,609	8,301
Miscellaneous	13,558	-	13,876	8,825	15,027
Total Operating Revenues	2,683,062	2,305,757	2,051,129	1,949,821	1,920,106
Operating Expenses:					
Salaries and Wages	317,239	282,923	289,004	288,482	288,413
Employee Benefits	144,630	153,905	140,780	129,254	138,682
Water Purchases	89,385	92,265	83,470	77,397	75,700
Utility Costs	75,300	77,542	71,940	108,054	105,247
Maintenance and Supplies	401,390	423,967	527,734	334,195	366,391
Professional and Technical Services	12,497	31,131	64,094	42,735	39,521
Administration and Overhead	505,088	525,867	474,342	522,785	423,293
Depreciation	427,923	428,447	403,615	388,150	364,524
Total Operating Expenses	1,973,452	2,016,047	2,054,979	1,891,052	1,801,771
Operating Income (Loss)	709,610	289,710	(3,850)	58,769	118,335
Nonoperating Revenue (Expenses)					
Development and Construction Fees	-	293,047	350,533	301,846	511,614
Gain on Sale of Assets	-	-	5,259	-	-
Interest Income	1,770	3,771	-	3,126	5,839
Interest Expense	(46,816)	(52,421)	(51,281)	(73,970)	(80,975)
Total Nonoperating Income (Expenses)	(45,046)	244,397	304,511	231,002	436,478
Net Income (Loss) Before Contributions	664,564	534,107	300,661	289,771	554,813
Capital Contributions					
Impact Fees	100,058	-	-	-	-
Construction Fees	343,471	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Change in Net Assets	1,108,093	534,107	300,661	289,771	554,813



CENTERVILLE CITY, UTAH

WATER REVENUE & REFUNDING BONDS, SERIES 2012 – DISCLOSURE REPORT

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS - WATER UTILITY

FISCAL YEAR ENDING 6/30	2018	2017	2016	2015	2014
Total Net Assets - Beginning (restated)	12,124,318	11,590,211	10,985,235	10,894,060	10,339,247
Correction of Prior Period	-	-	-	-	-
Beginning Net Assets, restated	12,124,318	11,590,211	10,985,235	10,894,060	10,339,247
Total Net Assets - Ending	13,232,411	12,124,318	11,285,896	11,183,831	10,894,060

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET ASSETS - DRAINAGE UTILITY

FISCAL YEAR ENDING 6/30	2018	2017	2016	2015	2014
Operating Revenues:					
Charges for Services	1,258,271	1,251,125	1,237,027	586,157	576,486
Delinquent Charges	-	-	-	-	-
Connection and Servicing	-	-	-	-	-
Miscellaneous	-	-	89	-	-
Total Operating Revenues	1,258,271	1,251,125	1,237,116	586,157	576,486
Operating Expenses:					
Salaries and Wages	58,133	52,714	54,147	50,823	48,581
Employee Benefits	32,357	33,494	31,175	27,767	28,291
Water Purchases	-	-	-	-	-
Utility Costs	3,816	2,729	2,461	2,851	1,674
Maintenance and Supplies	355,073	245,768	233,380	288,884	152,402
Tipping Fees and Contractual Services	-	-	-	4,142	4,127
Professional and Technical Services	10,563	30,892	89,260	39,299	52,487
Administration and Overhead	195,868	221,260	186,597	246,405	211,380
Depreciation	99,087	99,091	88,182	81,618	89,484
Total Operating Expenses	754,897	685,948	685,202	741,789	588,426
Operating Income (Loss)	503,374	565,177	551,914	(155,632)	(11,940)
Nonoperating Revenue (Expenses)					
Development and Construction Fees	-	27,409	-	-	-
Interest Income	13,085	-	2,303	1,453	1,931
Interest Expense	(17,847)	(18,365)	(17,999)	(19,205)	(22,672)
Total Nonoperating Income (Expenses)	(4,762)	9,044	(15,696)	(17,752)	(20,741)
Net Income (Loss) Before Contributions	498,612	574,221	536,218	(173,384)	(32,681)
Capital Contributions					
Impact Fees	78,701				
Construction Fees	-				
Transfers in	1,102	177,385	-	-	-
Transfers out	-	-	-	-	-
Developer Contributions	-	1,174	-	311,841	-
Change in Net Assets	578,415	752,780	536,218	138,457	(32,681)
Total Net Assets - Beginning (restated)	4,559,736	3,806,956	3,332,534	2,944,726	2,977,407
Correction of Prior Period	-				
Beginning Net Assets, restated	4,559,736	3,806,956	3,332,534	2,944,726	2,977,407
Total Net Assets - Ending	5,138,151	4,559,736	3,868,752	3,083,183	2,944,726

HISTORICAL REVENUES AND DEBT SERVICE COVERAGE OF THE SYSTEM

The following is a five-year summary of the historic revenues and debt service coverage.

HISTORIC REVENUES AND DEBT SERVICE COVERAGE OF THE SYSTEM					
FISCAL YEAR ENDING 6/30	2014	2015	2016	2017	2018
Operating Revenues:	2,496,592	2,535,978	3,288,245	3,556,882	3,941,333
Less: Operating Expenses	1,936,189	2,163,073	2,248,384	2,174,457	2,201,339
Operating Income (Loss)	560,403	372,905	1,039,861	1,382,425	1,739,994
Nonoperating Revenues					
Development and Construction Fees	511,614	301,846	350,533	320,456	343,471
Interest Income	7,770	4,579	2,303	3,771	14,855
Balance Available for Debt Service	1,079,787	679,330	1,392,697	1,706,652	2,098,320
Outstanding Parity Bonds Debt Service					
Series 2012 Debt Service	461,013	463,813	492,063	498,650	251,256
Total Debt Service	461,013	463,813	492,063	498,650	251,256
Percent Coverage	2.34	1.46	2.83	3.42	8.35

The following is a five-year summary of the projected revenues and debt service coverage.

Projected Revenues and Debt Service Coverage of the System					
Fiscal Year Ending 6/30	2018	2019	2020	2021	2022
Operating Revenues:	3,980,746	4,020,554	4,060,759	4,101,367	4,142,381
Less: Operating Expenses	2,267,379	2,335,401	2,405,463	2,477,626	2,551,955
Operating Income (Loss)	1,713,367	1,685,153	1,655,297	1,623,740	1,590,425
Nonoperating Revenues					
Development and Construction Fees	346,906	350,375	353,879	357,417	360,991
Interest Income	15,004	15,154	15,305	15,458	15,613
Balance Available for Debt Service	2,075,276	2,050,682	2,024,480	1,996,616	1,967,030
Outstanding Parity Bonds Debt Service					
Series 2012 Debt Service	325,863	338,988	351,613	141,550	139,050
Total Debt Service	325,863	338,988	351,613	141,550	139,050
Percent Coverage	6.37	6.05	5.76	14.11	14.15

1. Assumes 1.0% per annum increase in revenues

2. Assumes 3.0% per annum increase in expenditures



REPORTING OF MATERIAL EVENTS

1. PRINCIPAL AND INTEREST PAYMENT DELINQUENCIES
No significant events to report.
2. NON-PAYMENT RELATED DEFAULTS, IF MATERIAL
No significant events to report.
3. UNSCHEDULED DRAWS ON DEBT SERVICE RESERVES REFLECTING FINANCIAL DIFFICULTIES
No significant events to report.
4. UNSCHEDULED DRAWS ON ANY CREDIT ENHANCEMENT REFLECTING FINANCIAL DIFFICULTIES
No significant events to report.
5. SUBSTITUTION OF ANY CREDIT OR LIQUIDITY PROVIDER, OR THEIR FAILURE TO PERFORM
No significant events to report.
6. ADVERSE TAX OPINIONS, IRS NOTICES, OR EVENTS AFFECTING THE TAX-EXEMPT STATUS OF THE BONDS
No significant events to report.
7. MODIFICATIONS TO RIGHTS OF BONDHOLDERS, IF MATERIAL
No significant events to report.
8. BOND CALLS, IF MATERIAL
No significant events to report.
9. DEFEASANCES
No significant events to report.
10. RELEASE, SUBSTITUTION OR SALE OF PROPERTY SECURING PAYMENT OF THE BONDS, IF MATERIAL
No significant events to report.
11. RATING CHANGES
No significant events to report.
12. TENDER OFFERS
No significant events to report.
13. BANKRUPTCY, INSOLVENCY, RECEIVERSHIP, OR SIMILAR EVENT OF THE OBLIGATED PERSON
No significant events to report.
14. MERGER, CONSOLIDATION, OR ACQUISITION OF THE OBLIGATED PERSON, IF MATERIAL
No significant events to report.
15. APPOINTMENT OF A SUCCESSOR OR ADDITIONAL TRUSTEE, OR THE CHANGE OF NAME OF A TRUSTEE, IF MATERIAL
No significant events to report.



AUDITED FINANCIAL STATEMENTS

**CENTERVILLE CITY CORPORATION
CENTERVILLE, UTAH**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

For The Year Ended June 30, 2018

Together With Independent Auditor's Report

Centerville City Corporation

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
City Officials	7
Organizational Chart	8
Certificate of Achievement for Excellence in Financial Reporting	9
FINANCIAL SECTION	
Independent Auditor's Report	10
Management's Discussion and Analysis	12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	21
Statement of Activities	24
Fund Financial Statements:	
Balance Sheet – Governmental Funds	25
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	26
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund.....	29
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Redevelopment Agency Special Revenue Fund.....	30
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Transit Tax Special Revenue Fund.....	31
Statement of Net Position – Proprietary Funds.....	32
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	34
Statement of Cash Flows – Proprietary Funds	35
Statement of Fiduciary Net Position – Fiduciary Fund	36
Statement of Changes in Fiduciary Net Position – Fiduciary Fund	37
Notes to Financial Statements.....	38

Centerville City Corporation

TABLE OF CONTENTS (Continued)

	<u>Page</u>
FINANCIAL SECTION (Continued)	
Required Supplemental Information:	
Schedule of the Proportionate Share of the Net Pension Liability	66
Schedule of Contributions	67
Notes to the Schedules of the Proportionate Share of the Net Pension Liability and Contributions	68
Supplemental Information:	
Combining Balance Sheet – Nonmajor Governmental Funds	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	70
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Nonmajor Governmental Fund:	
Municipal Building Authority Special Revenue Fund	71
Recreation Special Revenue Fund	72
R.A.P. Tax Special Revenue Fund	73
Cemetery Perpetual Care Special Revenue Fund	74
UTOPIA Capital Projects Fund	75
Park Improvement Capital Projects Fund	76
Arts Center Debt Service Fund	77
STATISTICAL SECTION	
Table of Contents	78
Net Position by Component	79
Changes in Net Position	80
Fund Balances of Governmental Funds	82
Changes in Fund Balances of Governmental Funds	83
Governmental Activities Taxes and Special Assessment Revenues	85
Direct and Overlapping Sales Tax Rates	86
Principal Sales Tax Payers	87
Assessed Value and Estimated Actual Value of Taxable Property	88
Property Tax Levies and Collections	89
Property Tax Rates – Direct and Overlapping Governments	90
Principal Taxpayers	91
Property Value and Construction	92
Ratio of Outstanding Debt by Type	93
Direct and Overlapping Governmental Activities Debt	94
Legal Debt Margin Information	95
Pledged Revenue Bond Coverage	96
Demographic and Economic Statistics	98
Principal Employers	99
Full Time Equivalent City Government Employees by Function	100
General Fund Expenditures by Function	101
Operating Indicators by Function	102
Capital Asset Statistics by Function/Program	103

Centerville City Corporation
TABLE OF CONTENTS (Continued)

	<u>Page</u>
OTHER COMMUNICATION FROM INDEPENDENT AUDITORS	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on as Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards.....	104
Independent Auditor's Report in Accordance with the State Compliance Audit Guide	106
Findings, Recommendations, and Responses	108

INTRODUCTORY SECTION



CENTERVILLE CITY

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

Incorporated in 1915

Mayor

Clark Wilkinson

City Council

Tamilyn Fillmore

William Ince

Stephanie Ivie

George McEwan

Robyn Mecham

City Manager

Steve H. Thacker

December 6, 2018

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, 2018.

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, 2018, 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 unmodified opinion that Centerville City's financial statements for the fiscal year ended June 30, 2018 are fairly presented in conformity with GAAP. The independent auditor's report is presented at the beginning of the financial section of this report.

Community and History

Centerville was settled in the fall of 1847 by Thomas Grover and his family. In the spring of 1848 the Deuel brothers moved to the community to farm the rich soils. Early Centerville was a farming community, producing superior crops from the rich soils deposited from the streams which flowed from the canyons of the Wasatch Mountains. By 1853 the community had grown to 194 inhabitants. The community was incorporated as a Town in 1915.

Centerville continued to be a farming community through the 1940's, including market gardening and orchards of apples, apricots, cherries and peaches. Due to its proximity to Salt Lake City and its appealing setting, however, Centerville has since 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 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 managed 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 Bountiful City for police dispatch and with Davis County for animal control services, 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. 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 2018-2019 locally and State-wide. 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, pathways, 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 is 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

Significant projects and initiatives in Fiscal Year (FY) 2018 include park and transportation improvements, drainage projects, solid waste collection and community planning.

Park Improvements

The multi-phased expansion of Community Park was completed in FY 2018. This six-acre addition containing two sports fields will be ready for use in the spring of 2019. A unique feature of this project was the installation of pumps and underground reservoir to irrigate the entire park using groundwater collected at the northwest corner of the original park. The completion of this expansion project required a \$500,000 loan from the South Davis Recreation District, to be repaid over a five-year period using Park Impact Fees and RAP Tax revenue. The Park Impact Fee assessed on new residential development was increased during FY 2018 from \$2057 to \$2869 per unit.

The City completed negotiations in FY 2018 for transfer of ownership of a one-acre natural park (located at approximately 600 East on 100 South Street) from Davis County to the City.

During FY 2018 the City entered into an agreement with Utah State Parks Division to secure a Land & Water Conservation Grant in the amount of \$650,000 for Phase 1 of the Island View Park Renovation Project. The City's match of another \$650,000 will come from RAP Tax revenue. Construction will begin in the spring of 2019.

Transportation Improvements

In FY 2018 Centerville City and West Bountiful City undertook a joint project to improve 1250 West/640 West Street connecting the two communities. Funding came from four sources—both cities and transportation sales tax (Proposition One) funds from Davis County and Utah Transit Authority. This project improved not only the vehicle lanes but also added sidewalks and bike lanes.

The biggest road project in FY 2018—Frontage Road widening and overlay—was funded as two projects. The federally-funded project widened the road and added standard bike lanes from McDonald's to the north City limit at Lund Lane. City funds paid another contractor to overlay the existing asphalt surface. The two projects were coordinated to achieve a finished product as if done as one project, for a total cost of about \$1.5 million.

Funding for sidewalk repair/replacement has been increased each year since City staff completed a comprehensive inventory of sidewalk conditions in 2016. Nearly 10,000 sidewalk defects were mapped into a geographic information system and all trip hazards were sprayed with yellow paint. In FY 2018 all sidewalk sections with vertical faults over 3 inches were replaced and the trees

creating these worst faults were removed. When adopting the FY 2019 Budget, the City Council increased funding for sidewalk repair/replacement to \$100,000.

Drainage Projects

In FY 2018 City staff undertook an in-depth study of drainage conditions west of I-15. Several drainage maintenance and improvement projects were recommended to accommodate new development and the future extension of 1250 West to connect with 650 West in Farmington. A cooperative effort of the County, City and a private land owner cleared and dredged channels to improve flows. Several culvert projects were also identified that will be done in FY 2019, including replacement of three culvert crossings under the D&RGW Trail corridor.

Solid Waste Collection

In FY 2018 the City re-bid its solid waste curbside collection contract, including household waste, recyclables and green waste. Ace Disposal was successful in retaining a contract to provide these services in Centerville for the next five years.

Community Planning

Several noteworthy planning efforts were completed, continued or begun in FY 2018. A protracted planning process to identify desirable redevelopment uses for the former Dick's Market site on Pages Lane was concluded when a residential project of single family homes was proposed and approved for that property. The City Council and Planning Commission continued to review and amend the land use regulations affecting the South Main Street Corridor, a process that continues into FY 2019.

The City Council initiated a comprehensive study of conditions and potential uses of approximately 180 acres the City owns on the foothills. This study is the foundation for a Management Use Plan to be prepared and adopted in FY 2019. The Council's intent is to allow this area to continue to be used for recreational purposes, but subject to regulations and improvements that will preserve the property as a community amenity for generations to come.

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, 2018 was 12.4% 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, 2017. This was the eighteenth 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 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 Management Services Department, professional assistance from Keddington & Christensen, LLC 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
Jacob J. Smith	Management Services/Finance Director

STATUTORY APPOINTED OFFICIALS

Mackenzie Wood	Recorder
Jolene Jackson	Treasurer
David Miller	Justice Court Judge

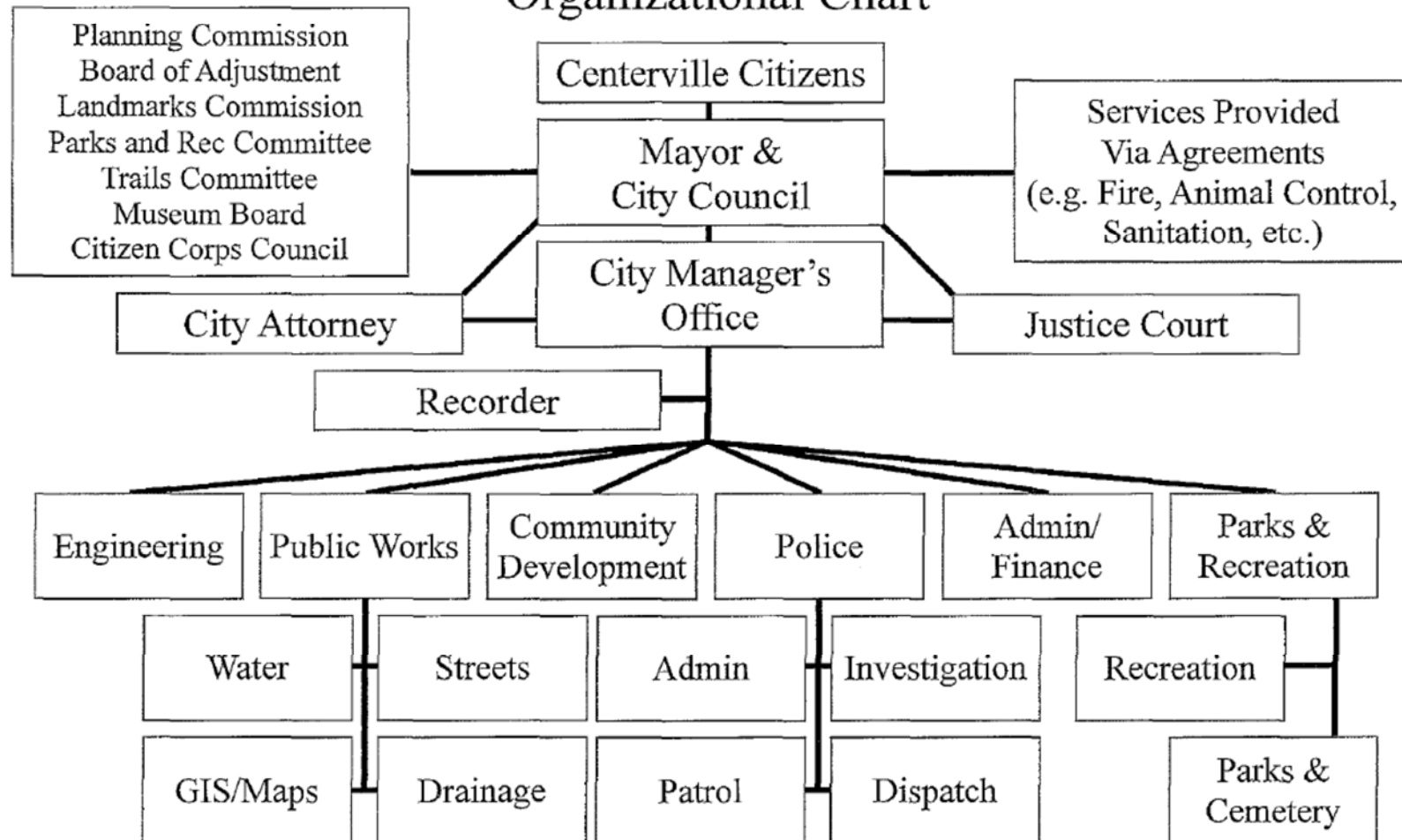
DEPARTMENT HEADS

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

OTHER CITY OFFICIALS

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, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



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, 2018, 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, 2018, 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 December 7, 2018, 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
December 7, 2018

Centerville City Corporation
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2018

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, 2018.

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, 2018 by \$49,258,306 (net position). The City has \$45,772,864 invested in capital assets, net of related debt. \$2,213,515 is restricted for future construction projects and the theater reserve fund. The unrestricted amount is \$1,271,927.

Centerville's total net position increased by \$3,153,559 from the prior year, a 6.84% increase. Changes in assets and liabilities are as follows. Total assets increased by \$2,828,799, a change of 4.87%. Total Liabilities decreased by \$1,380,563 from the prior year, a percent change of 11.89%. Capital investments net of debt, increased \$1,100,346 or 2.46%. Business-Type Activities capital investments net of debt increased \$754,818 or 4.88%, and Governmental Activities increased \$345,528 or 1.18%. Restricted assets increased by \$715,753 or 47.79% from 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 \$1,337,460. Governmental Activities increased \$598,054, and Business-Type activities increased by \$739,406.

Centerville's governmental funds reported a combined ending fund balances of \$3,561,142 at June 30, 2018. This is a statement of the current available assets of the City. This is an increase of \$1,046,853, or 41.64%. The City has considerable commitments to capital projects including park improvements and roads. Of the ending fund balances, \$1,125,445, is available for spending at the City's discretion in the General Fund (unassigned fund balance).

At June 30, 2018, fund balances in governmental funds other than the general fund was \$2,404,548 an overall \$544,213 increase. Assigned fund balances increased by \$88,178, or 20.74%. The Assigned amount to the RDA is \$92,287. The assigned amount for the transit tax fund is \$415,592. The assigned amount for other governmental funds, is \$5,526. 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 \$1,873,718.

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, 2018

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 refutations. All of the funds of Centerville City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Centerville City maintains 10 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the General fund, Redevelopment Agency, and the Transit Tax special revenue fund, all of which are considered major funds. Data from the other 7 governmental funds are combined into a single, aggregate presentation. Individual fund data for each governmental fund is provided in the form of individual and combining statements elsewhere in the report.

Centerville City adopts an annual budget for its three major governmental funds; General Fund as well as the Centerville City Redevelopment Agency, and the Transit Tax special revenue 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, 2018

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 \$49,258,306 at June 30, 2018.

The largest portion of the City's net position is \$45,772,864 which reflects investments in capital assets including land, buildings, machinery and equipment, less any related debt used to acquire those assets that is still outstanding. This is an increase of \$1,100,346 which is an increase of 2.46%, 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, \$2,213,515, represents resources that are subject to external restrictions on how they may be utilized. This is an increase of \$715,753 or 47.79% from the prior year. 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, 2018

Centerville City's Net Position

	Governmental Activities 2018	Governmental Activities 2017	Business-type Activities 2018	Business-type Activities 2017
Current and other assets	\$ 6,747,340	\$ 5,489,877	\$ 3,852,305	\$ 3,094,948
Capital assets	<u>31,831,152</u>	<u>31,579,709</u>	<u>18,527,330</u>	<u>17,964,794</u>
Total Assets	<u>38,578,492</u>	<u>37,069,586</u>	<u>22,379,635</u>	<u>21,059,742</u>
Deferred outflows of resources	<u>1,401,242</u>	<u>1,407,320</u>	<u>160,133</u>	<u>167,858</u>
Current and other liabilities	1,611,591	1,435,131	267,384	384,521
Long-term liabilities	<u>4,629,151</u>	<u>5,654,684</u>	<u>3,726,627</u>	<u>4,140,980</u>
Total Liabilities	<u>6,240,742</u>	<u>7,089,815</u>	<u>3,994,011</u>	<u>4,525,501</u>
Deferred inflows of resources	<u>2,904,568</u>	<u>1,949,655</u>	<u>121,875</u>	<u>34,788</u>
Net position:				
Net investment in capital assets	29,562,326	29,216,798	16,210,538	15,455,720
Restricted	1,911,418	1,458,012	302,097	39,750
Unrestricted	<u>(639,320)</u>	<u>(1,237,374)</u>	<u>1,911,247</u>	<u>1,171,841</u>
Total Net Position	<u>\$ 30,834,424</u>	<u>\$ 29,437,436</u>	<u>\$ 18,423,882</u>	<u>\$ 16,667,311</u>

Centerville City Corporation
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2018

Centerville City's Changes in Net Assets

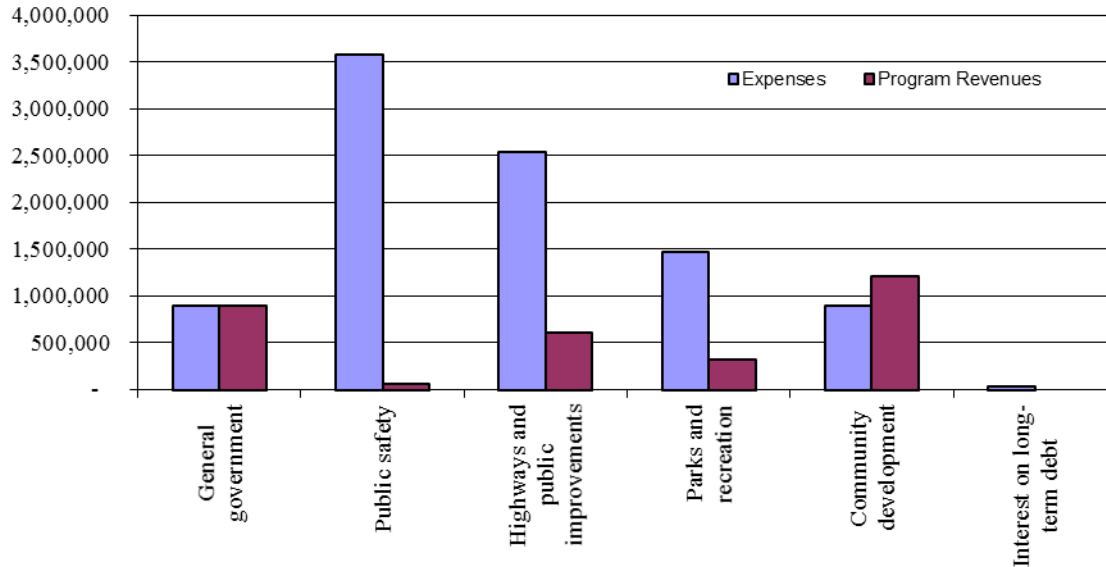
	Governmental Activities 2018	Governmental Activities 2017	Business-type Activities 2018	Business-type Activities 2017
Revenues:				
Program revenues:				
Charges for services	\$ 1,128,100	\$ 1,122,395	\$ 5,217,044	\$ 4,863,449
Operating grants and contributions	1,922,569	1,599,141	-	320,456
Capital grants and contributions	49,733	757,607	522,230	-
General revenues:				
Property taxes	1,823,795	1,246,982	-	-
Sales taxes	4,391,007	4,108,686	-	-
Franchise taxes	1,099,191	1,126,627	-	-
Other taxes	400,138	375,773	-	-
Unrestricted investment earnings	40,807	21,924	15,139	3,771
Other revenues	45,005	153,790	-	1,174
Total Revenues	<u>10,900,345</u>	<u>10,512,925</u>	<u>5,754,413</u>	<u>5,188,850</u>
Expenses:				
General government	898,339	1,306,430	-	-
Public safety	3,578,718	3,618,279	-	-
Highways and public improvements	2,536,583	2,088,089	-	-
Parks and recreation	1,466,307	1,355,402	-	-
Community development	896,199	1,051,553	-	-
Interest on long-term debt	36,254	45,112	-	-
Water	-	-	2,020,268	2,068,468
Sanitation	-	-	772,744	965,638
Storm drain	-	-	938,757	704,313
Telecom	-	-	267,175	302,954
Total Expenses	<u>9,412,400</u>	<u>9,464,865</u>	<u>3,998,944</u>	<u>4,041,373</u>
Increase (decrease) in Net Position before transfers	1,487,945	1,048,060	1,755,469	1,147,477
Transfers	<u>(90,957)</u>	<u>(230,590)</u>	<u>1,102</u>	<u>177,385</u>
Increase in Net Position	1,396,988	817,470	1,756,571	1,324,862
Net Position - Beginning	<u>29,437,436</u>	<u>28,619,966</u>	<u>16,667,311</u>	<u>15,342,449</u>
Net Position - Ending	<u>\$ 30,834,424</u>	<u>\$ 29,437,436</u>	<u>\$ 18,423,882</u>	<u>\$ 16,667,311</u>

As noted in the table above, governmental activities net position increased by \$1,396,988 or 4.75%. 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, 2018

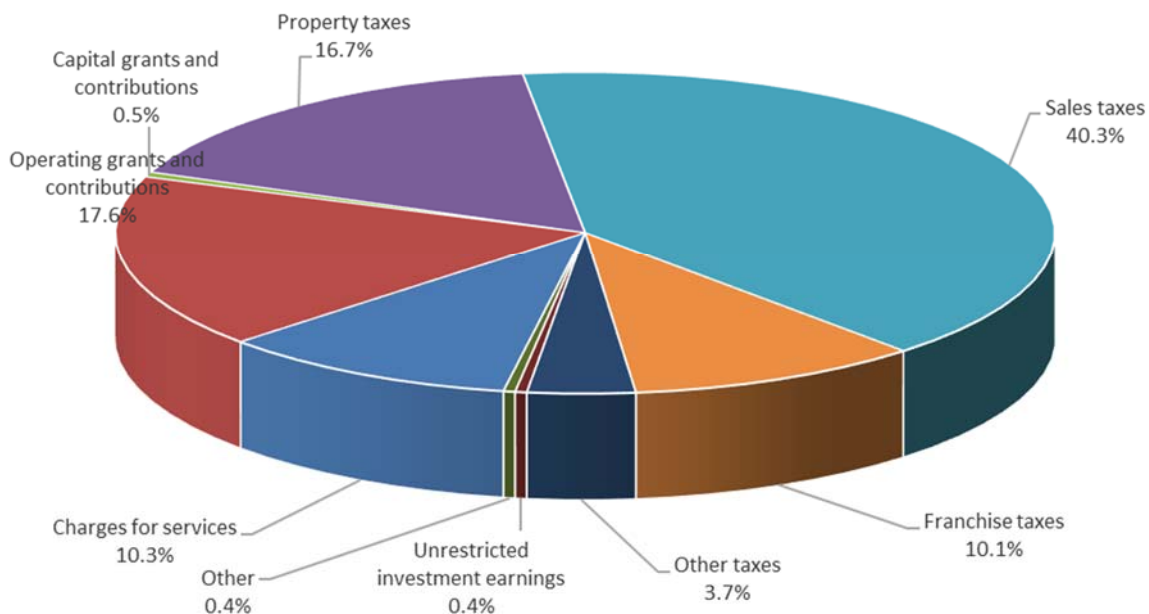
The following chart displays the governmental activities expenses compared to the program revenues attributed to the activity. Traditionally, governmental activities are funded by general revenue sources and not charges for direct services. Most of the funding for general services is provided by general 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 70.80% of revenue that funds governmental activity in the current period. These revenues account for the majority of the governmental services provided by the City.

Revenues by Source - Governmental Activities

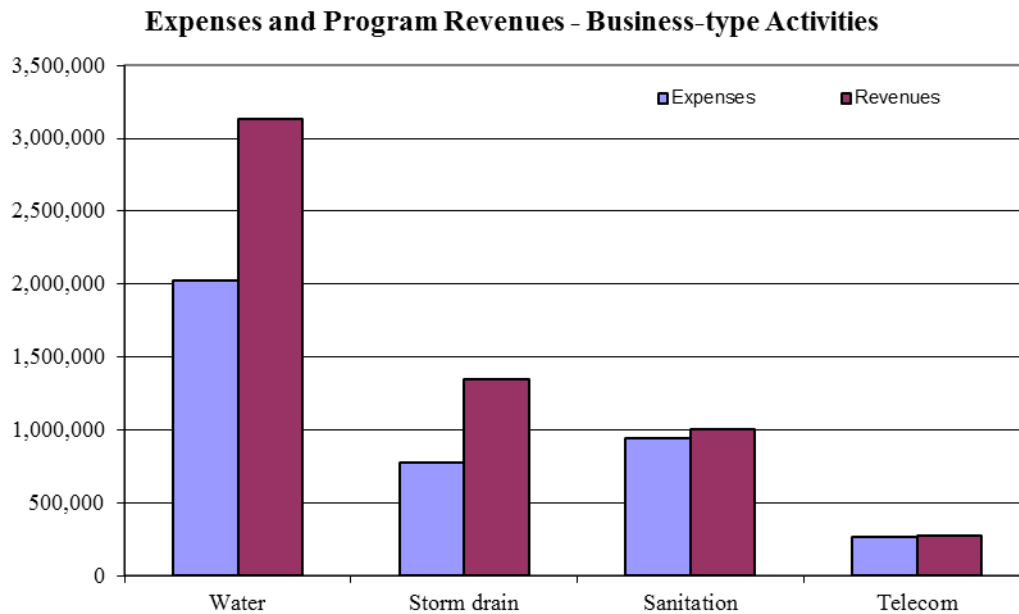


Centerville City Corporation
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2018

Business-type activities

As noted in the table "Centerville City Changes in Net Assets (Statement of Activities)" business-type activities increased net position of \$1,756,571, 10.54% 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 \$1,218,100. Individual funds covered expenses over revenues from reserves for each fund.

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.

Centerville City Corporation
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2018

At June 30, 2018, the City's governmental funds reported a combined ending fund balance of \$3,561,142 which is an increase of \$1,046,853 or 41.64% from the prior period. The Unassigned balance, in general fund, increased by 82.83%, a total dollar amount of \$509,883. Assigned fund balances that are assigned for a specific purpose increased \$88,178 from the prior period, or 20.74 %. The Restricted Fund balances increased \$453,409 from the prior period, or 31.93%. 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 \$48,574 at June 30, 2018.

The general fund is the primary operating fund of the City. At June 30, 2018 unassigned fund balance of the general fund was \$1,125,445, an increase of \$509,883, 82.83%. Revenues from taxes exceeded budget by \$225,449, revenue from licenses and permits were below budget by \$69,111, and revenue from fines and forfeitures were \$23,817 above budget. The general fund revenue was \$757,352 more than prior year. The general fund expenditures were \$250,050 less than prior year.

The Redevelopment Agency fund is considered to be a major fund. This fund was established to account for tax increment revenues used to revitalize and upgrade areas within qualifying redevelopment areas within the City. This fund has a balance of \$512,677. This is an increase from the prior year in the amount of \$64,414 which is largely due to a decrease in expenditures.

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 \$1,490,232 which is an increase of \$591,612 from the prior year. This is largely due to a transfer into the fund in addition to minor decreases in expenditures and increase in revenues.

Other Governmental funds had a total decrease in fund balances of \$111,813, or 21.78%. This decrease is primarily due to the change in balances in Recreation and Rap Tax fund. There was major expenditures to complete a park in the Recreation Special Revenue 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 \$13,232,411 at June 30, 2018. Total net position increased by \$1,108,093, a 9.14% increase. The increase was primarily from investment in capital assets and 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, 2018 was \$5,138,151. Total net assets increased by \$578,415 resulting in a 12.69% change mainly due to an increase in investment in capital assets, elimination of restricted balances.

Sanitation

Total net position at June 30, 2018 was \$36,457. Total net assets increased \$66,679 resulting in a 221% change. This is largely due to a decrease in expenses in the current year.

Telecom Fund

The Telecom Fund net position at June 30, 2018 was \$16,863. Total increase of \$3,384 or 25.11%.

Centerville City Corporation
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2018

General Fund Budgetary Highlights

During the fiscal year the general fund budget expenditures were amended from \$7,496,391 (including \$6,735,646 operating expenditures and \$760,745 transfers out) to \$7,516,386 which included \$6,772,506 operating expenditures and \$743,880 transfers out. This reflects total increase of \$19,995 or 0.27%. The primary reason for the amendments was for police, parks and recreation expenditures. Expenditures for the year were less than the original budget.

Total revenues exceeded the final budget by \$181,777 or 2.35%. Taxes, the largest source of revenue for the general fund was \$225,449 above budget. This was 3.31% more than budget. This type of revenue is subject to seasonal usage fluctuation. Revenue categories that under budgeted significantly were, licenses and permits, \$69,111, and Charges for services, \$19,270.

Capital Assets and Debt Administration

Capital assets.

Centerville City's investment in capital assets for governmental and business-type activities at June 30, 2018 was \$50,358,482 (net of depreciation). The investment in capital assets includes land, buildings, improvements other than buildings, infrastructure, machinery and equipment, autos and trucks, furniture and fixtures. The City's total investment in capital assets increased by \$813,979 or 1.64%. Governmental activities increased capital assets (net of depreciation) \$251,443 or 0.80%, to \$31,831,152. Business type activities increased capital assets (net of depreciation) \$562,536 or 3.13% to \$18,527,330.

Major capital asset events during the current year were:

- 1) There was \$685,495 added to Construction in Progress, mostly for waterline projects, frontage road culverts, street constructions, and parks projects.
- 2) Infrastructure increased by \$554,990 attributable to park projects. 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 \$115,110 in vehicles and \$9,910 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 \$1,484,558 (depreciated). Prior to depreciation, investments in Water distribution systems increased by \$920,590; Storm Drain Systems increased by \$486,197.

	Governmental Activities 2018	Governmental Activities 2017	Business - type Activities 2018	Business - type Activities 2017
Land	\$ 7,645,300	\$ 7,645,300	\$ 236,909	\$ 236,909
Buildings	13,644,396	14,100,333	2,503,388	2,497,056
Water stock and rights	-	-	48,617	48,617
Machinery and equipment	1,051,604	1,201,395	80,113	129,801
Distribution and collection systems	-	-	15,540,281	14,539,377
Autos and trucks	753,159	834,856	-	-
Infrastructure	7,638,290	6,882,402	-	-
Furniture and fixtures	-	-	-	-
Construction in progress	1,098,403	915,423	118,022	513,034
Total Capital Assets	<u>\$ 31,831,152</u>	<u>\$ 31,579,709</u>	<u>\$ 18,527,330</u>	<u>\$ 17,964,794</u>

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).

Centerville City Corporation
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For The Year Ended June 30, 2018

Long-term debt

	Governmental Activities 2018	Governmental Activities 2017	Business - type Activities 2018	Business - type Activities 2017
Revenue bonds	\$ 1,768,822	\$ 2,318,431	\$ 2,316,792	\$ 2,509,074
Note payable	500,000	-	1,178,398	1,310,571
Capital leases	-	44,474	-	-
Compensated absences	552,366	550,161	72,810	66,974
Termination benefits	24,081	30,327	-	-
Outstanding claims	59,726	101,815	-	-
Net pension liability	1,724,156	2,609,476	158,627	254,361
Total	<u>\$ 4,629,151</u>	<u>\$ 5,654,684</u>	<u>\$ 3,726,627</u>	<u>\$ 4,140,980</u>

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, 2019, the Utah and local economy remained strong. Unemployment in June 2018 remained low at 2.9%, 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 2019.

Sales taxes are the largest single source of revenue for governmental operations of the City. City sales tax revenue in FY 2018 increased 6.87% over the prior year, or \$282,321, and is projected to increase 4.5% in FY 2019.

Culinary water rates increased in FY 2019 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, Management Services Director, 250 North Main Centerville, Utah 84014.

BASIC FINANCIAL STATEMENTS

Centerville City Corporation
STATEMENT OF NET POSITION
June 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 1,153,221	\$ 1,432,466	\$ 2,585,687
Receivables:			
Accounts, net	4,060	657,165	661,225
Taxes	2,731,293	-	2,731,293
Inventory		264,681	264,681
Prepays	10,874	45,853	56,727
Internal balances	28,354	(28,354)	-
Restricted assets:			
Cash and cash equivalents	2,819,073	302,097	3,121,170
Notes receivable	-	1,178,397	1,178,397
Net pension asset	465	-	465
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	1,098,403	118,022	1,216,425
Capital assets, net of accumulated depreciation:			
Buildings and improvements	13,644,396	2,503,388	16,147,784
Distribution and collection systems	-	15,540,281	15,540,281
Machinery and equipment	1,051,604	80,113	1,131,717
Autos and trucks	753,159	-	753,159
Infrastructure	7,638,290	-	7,638,290
Total Assets	<u>38,578,492</u>	<u>22,379,635</u>	<u>60,958,127</u>
Deferred Outflows of Resources			
Deferred charge on refunding	-	16,817	16,817
Deferred outflows related to pensions	1,401,242	143,316	1,544,558
Total Deferred Outflows of Resources	<u>1,401,242</u>	<u>160,133</u>	<u>1,561,375</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 39,979,734</u>	<u>\$ 22,539,768</u>	<u>\$ 62,519,502</u>

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

Centerville City Corporation
STATEMENT OF NET POSITION (Continued)
June 30, 2018

	Governmental Activities	Business-type Activities	Total
Liabilities:			
Accounts payable	\$ 172,461	\$ 232,599	\$ 405,060
Accrued liabilities	263,357	13,393	276,750
Accrued interest payable	10,061	21,392	31,453
Developer and customer deposits	743,364	-	743,364
Liabilities payable from restricted assets	415,791	-	415,791
Unearned revenue	6,557	-	6,557
Noncurrent liabilities			
Due within one year	916,570	400,491	1,317,061
Due in more than one year	3,712,581	3,326,136	7,038,717
Total Liabilities	6,240,742	3,994,011	10,234,753
Deferred Inflows of Resources			
Deferred inflows for property taxes	1,584,201	-	1,584,201
Deferred inflows relating to pensions	1,320,367	121,875	1,442,242
Total Deferred Inflows of Resources	2,904,568	121,875	3,026,443
Net Position:			
Net investment in capital assets	29,562,326	16,210,538	45,772,864
Restricted for:			
Future development	1,416,767	302,097	1,718,864
Theater reserve fund	420,390	-	420,390
Cemetery	53,986	-	53,986
Police/DUI enforcement	20,275	-	20,275
Unrestricted	(639,320)	1,911,247	1,271,927
Total Net Position	30,834,424	18,423,882	49,258,306
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 39,979,734	\$ 22,539,768	\$ 62,519,502

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, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Government Activities:							
General government	\$ 898,339	\$ 845,943	\$ -	\$ 49,733	\$ (2,663)	\$ -	\$ (2,663)
Public safety	3,578,718	-	58,806	-	(3,519,912)	-	(3,519,912)
Streets and public works	2,536,583	-	614,151	-	(1,922,432)	-	(1,922,432)
Parks and recreation	1,466,307	282,157	45,200	-	(1,138,950)	-	(1,138,950)
Community development	896,199	-	1,204,412	-	308,213	-	308,213
Interest and issuance costs on long-term debt	36,254	-	-	-	(36,254)	-	(36,254)
Total Governmental Activities	9,412,400	1,128,100	1,922,569	49,733	(6,311,998)	-	(6,311,998)
Business-type Activities:							
Water	2,020,268	2,683,062	-	443,529	-	1,106,323	1,106,323
Storm drain	772,744	1,258,271	-	78,701	-	564,228	564,228
Sanitation	938,757	1,005,378	-	-	-	66,621	66,621
Telecom	267,175	270,333	-	-	-	3,158	3,158
Total Business-type Activities	3,998,944	5,217,044	-	522,230	-	1,740,330	1,740,330
Total Government	\$ 13,411,344	\$ 6,345,144	\$ 1,922,569	\$ 571,963	(6,311,998)	1,740,330	(4,571,668)
General Revenues:							
Property taxes					1,823,795	-	1,823,795
Sales taxes					4,391,007	-	4,391,007
Franchise taxes					1,099,191	-	1,099,191
Other taxes					400,138	-	400,138
Unrestricted investment earnings					40,807	15,139	55,946
Other revenues					45,005	-	45,005
Transfers					(90,957)	1,102	(89,855)
Total General Revenues and Transfers					7,708,986	16,241	7,725,227
Changes in Net Position					1,396,988	1,756,571	3,153,559
Net Position, Beginning					29,437,436	16,667,311	46,104,747
Net Position, Ending					\$ 30,834,424	\$ 18,423,882	\$ 49,258,306

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

Centerville City Corporation
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2018

	General	Redevelopment Agency Special Revenue	Transit Tax	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 496,806	\$ 226,816	\$ 415,592	\$ 14,005	\$ 1,153,219
Receivables:					
Accounts, net	4,060	-	-	-	4,060
Taxes	2,311,810	167,983	173,084	78,416	2,731,293
Due from other funds	145,283	-	-	-	145,283
Prepays	10,874	-	-	-	10,874
Restricted cash and cash equivalents	763,639	420,390	993,202	641,842	2,819,073
Total Assets	\$ 3,732,472	\$ 815,189	\$ 1,581,878	\$ 734,263	\$ 6,863,802
Liabilities					
Accounts payable	\$ 152,939	\$ 11,043	\$ -	\$ 8,479	\$ 172,461
Accrued liabilities	263,357	-	-	-	263,357
Unearned revenue	-	6,557	-	-	6,557
Due to other funds	-	116,929	-	-	116,929
Payable from restricted assets:					
Accounts payable	-	-	91,646	324,145	415,791
Developer and customer deposits	743,364	-	-	-	743,364
Total Liabilities	1,159,660	134,529	91,646	332,624	1,718,459
Deferred Inflows of Resources					
Unavailable revenue - property taxes	1,416,218	167,983	-	-	1,584,201
Fund Balances:					
Nonspendable:					
Prepaid items	10,874	-	-	-	10,874
Permanently restricted cemetery	-	-	-	37,700	37,700
Restricted for:					
Future development	-	-	1,074,640	342,127	1,416,767
Cemetery	-	-	-	16,286	16,286
Theater reserve fund	-	420,390	-	-	420,390
Police donations	7,847	-	-	-	7,847
DUI enforcement	12,428	-	-	-	12,428
Assigned, reported in:					
Special revenue funds	-	92,287	-	5,523	97,810
Capital project funds	-	-	415,592	3	415,595
Unassigned:					
General fund	1,125,445	-	-	-	1,125,445
Total Fund Balances	1,156,594	512,677	1,490,232	401,639	3,561,142
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,732,472	\$ 815,189	\$ 1,581,878	\$ 734,263	\$ 6,863,802

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, 2018

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

Total Fund Balance - Governmental Funds	\$ 3,561,142
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	31,831,152
Interest expense is not due and payable in the current period and therefore is not recorded in the funds.	(10,061)
Long-term liabilities, including bonds, capital leases, notes, OPEB, net pension liability, and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(4,629,151)
Pension assets, including deferred outflows relating to pensions, are not obligations of the current period and, therefore, are not reported in the funds.	<u>81,342</u>
Total Net Position - Governmental Activities	<u><u>\$ 30,834,424</u></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 – GOVERNMENTAL FUNDS
For The Year Ended June 30, 2018

	General	Redevelopment Agency Special Revenue	Transit Tax	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 6,820,520	\$ 167,983	\$ 325,490	\$ 400,138	\$ 7,714,131
Fees and contributions	-	-	-	95,200	95,200
Licenses and permits	251,569	-	-	-	251,569
Intergovernmental	58,806	1,204,412	614,151	-	1,877,369
Fines and forfeitures	473,817	-	-	-	473,817
Charges for services	91,770	88,490	-	152,138	332,398
Interest	17,500	-	13,995	9,313	40,808
Miscellaneous	36,811	6,279	49,733	22,232	115,055
Total Revenues	<u>7,750,793</u>	<u>1,467,164</u>	<u>1,003,369</u>	<u>679,021</u>	<u>10,900,347</u>
Expenditures:					
Current:					
General government	381,290	-	-	475,499	856,789
Public safety	3,443,697	-	-	-	3,443,697
Highways and public improvements	1,152,413	-	740,126	-	1,892,539
Parks and recreation	1,027,406	-	-	264,497	1,291,903
Community development	354,522	518,253	-	23,819	896,594
Debt service:					
Principal	44,476	-	-	510,000	554,476
Interest	868	-	-	78,188	79,056
Capital outlay:					
Public safety	125,020	-	-	-	125,020
Highways and public improvements	-	-	87,223	-	87,223
Parks and recreation	-	-	-	1,035,240	1,035,240
Total Expenditures	<u>6,529,692</u>	<u>518,253</u>	<u>827,349</u>	<u>2,387,243</u>	<u>10,262,537</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,221,101</u>	<u>948,911</u>	<u>176,020</u>	<u>(1,708,222)</u>	<u>637,810</u>
Other Financing Sources (Uses):					
Notes payable issued	-	-	-	500,000	500,000
Transfers in	25,600	-	415,592	1,512,959	1,954,151
Transfers out	(744,061)	(884,497)	-	(416,550)	(2,045,108)
Total Other Financing Sources (Uses)	<u>(718,461)</u>	<u>(884,497)</u>	<u>415,592</u>	<u>1,596,409</u>	<u>409,043</u>
Net Change in Fund Balances	<u>502,640</u>	<u>64,414</u>	<u>591,612</u>	<u>(111,813)</u>	<u>1,046,853</u>
Fund Balances, Beginning	<u>653,954</u>	<u>448,263</u>	<u>898,620</u>	<u>513,452</u>	<u>2,514,289</u>
Fund Balances, Ending	<u>\$ 1,156,594</u>	<u>\$ 512,677</u>	<u>\$ 1,490,232</u>	<u>\$ 401,639</u>	<u>\$ 3,561,142</u>

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, 2018

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

Net Change in Fund Balances - Total Governmental Funds	\$ 1,046,853
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.	(996,040)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the Statement of Net Position.	1,247,483
Repayment of noncurrent liabilities' principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	554,477
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
Net proceeds from issuance of noncurrent liabilities is recorded as income in the governmental funds. However, the issuance of noncurrent liabilities is recorded as a liability in the Statement of Net Position.	(500,000)
In the Statement of Activities interest is accrued on noncurrent liabilities, whereas in governmental funds, interest expense is reported when due.	3,192
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.	(44,709)
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.	46,123
Change in Net Position - Governmental Activities	<u>\$ 1,396,988</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 6,595,071	\$ 6,595,071	\$ 6,820,520	\$ 225,449
Licenses and permits	320,680	320,680	251,569	(69,111)
Intergovernmental	47,650	47,650	58,806	11,156
Fines and forfeitures	450,000	450,000	473,817	23,817
Charges for services	111,040	111,040	91,770	(19,270)
Interest	9,000	16,000	17,500	1,500
Miscellaneous	16,150	28,575	36,811	8,236
Total Revenues	7,549,591	7,569,016	7,750,793	181,777
Expenditures:				
Current:				
General government:				
Administrative	191,650	147,615	124,526	23,089
Municipal council	92,949	36,974	27,868	9,106
Finance	91,416	102,416	95,844	6,572
Legal	178,160	174,336	126,931	47,405
Public Safety:				
Police	2,549,616	2,631,554	2,534,443	97,111
Fire	845,968	852,724	852,724	-
Streets and public works	1,144,683	1,171,683	1,143,810	27,873
Parks and recreation	991,360	1,000,360	992,268	8,092
Community development	380,050	385,050	354,522	30,528
Capital lease:				
Principal	-	-	44,476	(44,476)
Interest	-	-	868	(868)
Capital outlay	269,794	269,794	231,412	38,382
Total Expenditures	6,735,646	6,772,506	6,529,692	242,814
Excess (Deficiency) of Revenues Over (Under) Expenditures	813,945	796,510	1,221,101	424,591
Other Financing Sources (Uses):				
Transfers in	26,800	26,800	25,600	(1,200)
Transfers out	(760,745)	(743,880)	(744,061)	(181)
Sale of capital assets	20,000	20,000	-	(20,000)
Total Other Financing Sources (Uses)	(713,945)	(697,080)	(718,461)	(21,381)
Net Change in Fund Balance	\$ 100,000	\$ 99,430	502,640	\$ 403,210
Fund Balance, Beginning			653,954	
Fund Balance, Ending			\$ 1,156,594	

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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,507,596	\$ 1,493,461	\$ 167,983	\$ (1,325,478)
Intergovernmental	-	-	1,204,412	1,204,412
Charges for services	77,400	77,400	88,490	11,090
Miscellaneous	100,000	100,000	6,279	(93,721)
Total Revenues	<u>1,684,996</u>	<u>1,670,861</u>	<u>1,467,164</u>	<u>(203,697)</u>
Expenditures:				
Community Development	842,466	741,364	484,848	256,516
Capital outlay	45,000	45,000	33,405	11,595
Total Expenditures	<u>887,466</u>	<u>786,364</u>	<u>518,253</u>	<u>268,111</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>797,530</u>	<u>884,497</u>	<u>948,911</u>	<u>64,414</u>
Other Financing Sources (Uses):				
Transfers out	<u>(797,530)</u>	<u>(884,497)</u>	<u>(884,497)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(797,530)</u>	<u>(884,497)</u>	<u>(884,497)</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>64,414</u>	<u>\$ 64,414</u>
Fund Balance, Beginning			<u>448,263</u>	
Fund Balance, Ending			<u>\$ 512,677</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, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 315,000	\$ 315,000	\$ 325,490	\$ 10,490
Intergovernmental	1,620,000	650,000	614,151	(35,849)
Interest	1,000	1,000	13,995	12,995
Miscellaneous	-	49,733	49,733	-
Total Revenues	<u>1,936,000</u>	<u>1,015,733</u>	<u>1,003,369</u>	<u>(12,364)</u>
Expenditures:				
Current:				
Highways and public improvements	-	-	740,126	(740,126)
Capital outlay	<u>2,351,592</u>	<u>1,431,325</u>	<u>87,223</u>	<u>1,344,102</u>
Total Expenditures	<u>2,351,592</u>	<u>1,431,325</u>	<u>827,349</u>	<u>603,976</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(415,592)</u>	<u>(415,592)</u>	<u>176,020</u>	<u>591,612</u>
Other Financing Sources (Uses):				
Transfers in	<u>415,592</u>	<u>415,592</u>	<u>415,592</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>415,592</u>	<u>415,592</u>	<u>415,592</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>591,612</u>	<u>\$ 591,612</u>
Fund Balance, Beginning			<u>898,620</u>	
Fund Balance, Ending			<u>\$ 1,490,232</u>	

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, 2018

	Business-type Activities - Enterprise Funds				
	Water Utility Fund	Drainage Utility Fund	Sanitation Fund	Telecom Fund	Totals
Assets:					
Current Assets:					
Cash and cash equivalents	\$ -	\$ 1,419,333	\$ 12,884	\$ 249	\$ 1,432,466
Accounts receivable, net	429,621	117,327	93,603	16,614	657,165
Inventory	264,681	-	-	-	264,681
Prepays	45,853	-	-	-	45,853
Restricted cash and cash equivalents	302,097	-	-	-	302,097
Total Current Assets	1,042,252	1,536,660	106,487	16,863	2,702,262
Noncurrent Assets:					
Notes receivable	-	-	-	1,178,397	1,178,397
Capital assets not being depreciated:					
Water stock and rights	48,617	-	-	-	48,617
Land	236,909	-	-	-	236,909
Construction in progress	118,022	-	-	-	118,022
Capital assets being depreciated:					
Buildings	3,501,966	-	-	-	3,501,966
Distribution and collection systems	16,713,590	5,152,505	-	-	21,866,095
Machinery and equipment	661,147	152,338	-	-	813,485
Accumulated depreciation	(7,039,193)	(1,018,571)	-	-	(8,057,764)
Total Noncurrent Assets	14,241,058	4,286,272	-	1,178,397	19,705,727
Total Assets	15,283,310	5,822,932	106,487	1,195,260	22,407,989
Deferred Outflows of Resources					
Deferred charge on refunding	14,450	2,367	-	-	16,817
Deferred outflows of resources relating to pensions	113,223	30,093	-	-	143,316
Total Deferred Outflows of Resources	127,673	32,460	-	-	160,133
Total Assets and Deferred Outflows of Resources	\$ 15,410,983	\$ 5,855,392	\$ 106,487	\$ 1,195,260	\$ 22,568,122

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, 2018

	Business-type Activities - Enterprise Funds				
	Water Utility Fund	Drainage Utility Fund	Sanitation Fund	Telecom Fund	Totals
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 39,387	\$ 123,182	\$ 70,030	\$ -	\$ 232,599
Accrued liabilities	11,390	2,003	-	-	13,393
Accrued interest payable	16,590	4,802	-	-	21,392
Due to other funds	28,354	-	-	-	28,354
Compensated absences, current portion	30,000	6,000	-	-	36,000
Notes payable, current portion	-	-	-	99,491	99,491
Bonds payable, current portion	206,000	59,000	-	-	265,000
Total Current Liabilities	<u>331,721</u>	<u>194,987</u>	<u>70,030</u>	<u>99,491</u>	<u>696,229</u>
Noncurrent Liability:					
Compensated absences, net of current portion	26,675	10,136	-	-	36,811
Notes payable, current portion	-	-	-	1,078,906	1,078,906
Bonds payable, net of current portion	1,587,415	464,377	-	-	2,051,792
Net pension liability	131,629	26,998	-	-	158,627
Total Noncurrent Liability	<u>1,745,719</u>	<u>501,511</u>	<u>-</u>	<u>1,078,906</u>	<u>3,326,136</u>
Total Liabilities	<u>2,077,440</u>	<u>696,498</u>	<u>70,030</u>	<u>1,178,397</u>	<u>4,022,365</u>
Deferred Inflows of Resources					
Deferred inflows of resources relating to pensions	101,132	20,743	-	-	121,875
Total Deferred Outflows of Resources	<u>101,132</u>	<u>20,743</u>	<u>-</u>	<u>-</u>	<u>121,875</u>
Net Position:					
Net investment in capital assets	12,447,643	3,762,895	-	-	16,210,538
Restricted for:					
Future development	302,097	-	-	-	302,097
Unrestricted	482,671	1,375,256	36,457	16,863	1,911,247
Total Net Position	<u>13,232,411</u>	<u>5,138,151</u>	<u>36,457</u>	<u>16,863</u>	<u>18,423,882</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 15,410,983</u>	<u>\$ 5,855,392</u>	<u>\$ 106,487</u>	<u>\$ 1,195,260</u>	<u>\$ 22,568,122</u>

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, 2018

	Business-type Activities - Enterprise Funds				
	Water Utility Fund	Drainage Utility Fund	Sanitation Fund	Telecom Fund	Totals
Operating Revenues:					
Charges for services	\$ 2,661,884	\$ 1,258,271	\$ 999,454	\$ 270,333	\$ 5,189,942
Connection and servicing	7,620	-	5,384	-	13,004
Miscellaneous	13,558	-	540	-	14,098
Total Operating Revenues	2,683,062	1,258,271	1,005,378	270,333	5,217,044
Operating Expenses:					
Salaries and wages	317,239	58,133	-	-	375,372
Employee benefits	144,630	32,357	-	-	176,987
Maintenance and repairs	401,390	355,073	11,552	-	768,015
General and administrative	505,088	195,868	97,159	9,395	807,510
Utilities	75,300	3,816	-	-	79,116
Professional and technical services	12,497	10,563	4,837	257,780	285,677
Solid waste collection and disposal	-	-	820,206	-	820,206
Water purchases	89,385	-	-	-	89,385
Depreciation	427,923	99,087	-	-	527,010
Total Operating Expenses	1,973,452	754,897	933,754	267,175	3,929,278
Operating Income (Loss)	709,610	503,374	71,624	3,158	1,287,766
Nonoperating Income (Expense):					
Interest income	1,770	13,085	58	226	15,139
Interest expense	(46,816)	(17,847)	(5,003)	-	(69,666)
Total Nonoperating Income (Expense)	(45,046)	(4,762)	(4,945)	226	(54,527)
Income (Loss) Before Capital Contributions and Transfers	664,564	498,612	66,679	3,384	1,233,239
Capital Contributions:					
Impact fees	100,058	78,701	-	-	178,759
Construction fees	343,471	-	-	-	343,471
Transfers in	-	1,102	-	-	1,102
Changes in Net Position	1,108,093	578,415	66,679	3,384	1,756,571
Net Position, Beginning	12,124,318	4,559,736	(30,222)	13,479	16,667,311
Net Position, Ending	\$ 13,232,411	\$ 5,138,151	\$ 36,457	\$ 16,863	\$ 18,423,882

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, 2018

	Business-type Activities - Enterprise Funds				
	Water Utility Fund	Drainage Utility Fund	Sanitation Fund	Telecom Fund	Totals
Cash Flows From Operating Activities:					
Receipts from customers and users	\$ 2,497,809	\$ 1,259,940	\$ 1,006,234	\$ 271,391	\$ 5,035,374
Payments to suppliers	(1,157,887)	(560,110)	(940,047)	(272,919)	(2,930,963)
Payments to employees and related benefits	(455,061)	(89,835)	-	-	(544,896)
Net cash flows from operating activities	884,861	609,995	66,187	(1,528)	1,559,515
Cash Flows From Capital and Related Financing Activities:					
Purchase of property and equipment	(1,024,077)	(65,469)	-	-	(1,089,546)
Receipt of developer construction fees	443,529	78,701	-	-	522,230
Principal paid on bonds	(143,000)	(42,000)	-	-	(185,000)
Interest paid on bonds	(52,793)	(19,848)	(5,003)	-	(77,644)
Net cash flows from capital and related financing activities	(776,341)	(48,616)	(5,003)	-	(829,960)
Cash Flows From Non-Capital Financing Activities:					
Receipts (payments) of loans from other funds	28,354	48,358	(48,358)	-	28,354
Financing of long-term pension obligation	(1,338)	(274)	-	-	(1,612)
Transfers from other funds	-	1,102	-	-	1,102
Net cash flows from non-capital financing activities	27,016	49,186	(48,358)	-	27,844
Cash Flows From Investing Activity:					
Interest on investments	1,770	13,085	58	226	15,139
Net cash flows from investing activity	1,770	13,085	58	226	15,139
Net Increase (Decrease) In Cash	137,306	623,650	12,884	(1,302)	772,538
Cash and Cash Equivalents At Beginning Of Year	164,791	795,683	-	1,551	962,025
Cash and Cash Equivalents At End Of Year	\$ 302,097	\$ 1,419,333	\$ 12,884	\$ 249	\$ 1,734,563
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)	\$ 709,610	\$ 503,374	\$ 71,624	\$ 3,158	\$ 1,287,766
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation expense	427,923	99,087	-	-	527,010
(Increase) Decrease in accounts receivables	(185,253)	1,669	856	1,058	(181,670)
(Increase) Decrease in inventory	39,634	-	-	-	39,634
(Increase) Decrease in prepaids	(3,312)	-	-	-	(3,312)
Increase (Decrease) in accounts payable	(110,550)	5,210	(6,293)	(5,744)	(117,377)
Increase (Decrease) in accrued liabilities	1,557	70	-	-	1,627
Increase (Decrease) in paid time off payable	5,252	585	-	-	5,837
Net cash from operating activities	\$ 884,861	\$ 609,995	\$ 66,187	\$ (1,528)	\$ 1,559,515
Noncash investing, capital, and financing activities:					
Noncash additions to notes payable	\$ -	\$ -	\$ -	\$ 49,800	\$ 49,800

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, 2018

	Whitaker Trust Fund
Assets:	
Cash and cash equivalents	\$ 32,228
Capital assets, net of accumulated depreciation:	
Infrastructure	<u>42,756</u>
Total Assets	<u>74,984</u>
Liabilities:	
Accounts payable	<u>1,518</u>
Total Liabilities	<u>1,518</u>
Net Position:	
Unrestricted	<u>73,466</u>
Total Net Position	<u>\$ 73,466</u>

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, 2018

	Whitaker Trust Fund
Additions	
Grants	\$ 8,566
Interest income	346
Donations	414
Rental income	5,943
Transfers in	89,855
Total additions	<u>105,124</u>
Deductions	
Administrative	74,522
Depreciation	2,475
Total deductions	<u>76,997</u>
Changes in Net Position	28,127
Net Position, Beginning	<u>45,339</u>
Net Position, Ending	<u><u>\$ 73,466</u></u>

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 qualifying redevelopment areas within the City.

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

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.

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 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, and Cemetery Perpetual Care 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 Arts Center as a debt service fund.

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 UTOPIA, 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.

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 another financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Centerville City Corporation
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. 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, 2018, of \$5,391,150 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 \$22,183, \$6,000, 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 (should capital assets be donated in connection with a service concession arrangement, those assets would then be recorded at acquisition value). 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, 2018, the Utopia capital projects fund and recreation special revenue fund had expenditures in excess of final budgeted appropriations of \$180 and \$2,312 respectively.

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, 2018 are as follows:

Cash on hand and on deposit:

Petty Cash	\$ 960
Cash on Deposit	346,975
PTIF Investment	<u>5,391,150</u>

Total cash and investments	<u>\$ 5,739,085</u>
-----------------------------------	----------------------------

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

Cash and cash equivalents	\$ 2,585,687
Restricted cash and cash equivalents	3,121,170
Fiduciary fund cash	<u>32,228</u>

Total cash and investments	<u>\$ 5,739,085</u>
-----------------------------------	----------------------------

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, 2018, \$220,975 of the City's \$487,571 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, which approximates fair value at year end. 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. At year end, the City utilizes a fair value per share factor to estimate the fair value of the investment as of June 30. As of June 30, 2018, the fair value per share factor for investments in the PTIF was 1.00378796.

For the year ended June 30, 2018, the City had investments of \$3,391,150 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, 2018, the City had the following cash and investments:

	<u>Carrying Value</u>	<u>Fair Value Factor</u>	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Weighted Avg. Maturity (Years)</u>
Cash on hand and on deposit:					
Cash on hand	\$ 960	1	\$ 960	N/A	N/A
Cash on deposit	346,975	1	346,975	N/A	N/A
Utah State Treasurer's investment pool accounts	<u>5,391,150</u>	1.003788	<u>5,411,572</u>	N/A	N/A
Total cash on hand and deposit	<u><u>\$5,739,085</u></u>		<u><u>\$5,759,507</u></u>		

B. Interfund Receivables, Payables, and Transfers

Interfund receivable (due from) and payable (due to) balances as of June 30, 2018, are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Utility Fund	\$ 28,354
General Fund	RDA	<u>116,929</u>
		<u><u>\$ 145,283</u></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, 2018, were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 10,000
General Fund	Transit Tax Fund	415,592
General Fund	UTOPIA Capital Projects Fund	280,293
General Fund	Fiduciary Fund	38,176
Redevelopment Agency	UTOPIA Capital Projects Fund	192,707
Redevelopment Agency	Arts Center Debt Service Fund	590,688
Redevelopment Agency	Drainage Utility Fund	1,102
Redevelopment Agency	Park Improvement Capital Projects Fund	100,000
Rap Tax Fund	Fiduciary Fund	51,678
Rap Tax Fund	Park Improvement Capital Projects Fund	339,272
Nonmajor Governmental Funds	General Fund	<u>25,600</u>
		<u><u>\$ 2,045,108</u></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, 2018, is as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Governmental Activities:				
Capital assets, not being depreciated:				
Land and collectibles	\$ 7,645,300	\$ -	\$ -	\$ 7,645,300
Construction in progress	915,423	567,473	(384,493)	1,098,403
Total capital assets, not being depreciated	8,560,723	567,473	(384,493)	8,743,703
Capital assets, being depreciated:				
Buildings and improvements	18,627,847	-	-	18,627,847
Infrastructure	8,259,964	554,990	384,493	9,199,447
Machinery and equipment	2,961,526	9,910	-	2,971,436
Autos and trucks	2,757,698	115,110	-	2,872,808
Total capital assets, being depreciated	32,607,035	680,010	384,493	33,671,538
Less accumulated depreciation for:				
Buildings and improvements	(4,527,514)	(455,937)	-	(4,983,451)
Infrastructure	(1,377,562)	(183,595)	-	(1,561,157)
Machinery and equipment	(1,760,131)	(159,701)	-	(1,919,832)
Autos and trucks	(1,922,842)	(196,807)	-	(2,119,649)
Total accumulated depreciation	(9,588,049)	(996,040)	-	(10,584,089)
Total capital assets being depreciated, net	23,018,986	(316,030)	384,493	23,087,449
Governmental Activities capital assets, net	<u>\$ 31,579,709</u>	<u>\$ 251,443</u>	<u>\$ -</u>	<u>\$ 31,831,152</u>

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

Governmental Activities:	
General government	\$ 577,094
Public safety	84,714
Highways and public improvements	168,374
Parks and recreation	165,858
Total depreciation expense - governmental activities	<u>\$ 996,040</u>

Centerville City Corporation
NOTES TO FINANCIAL STATEMENTS (Continued)

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

C. Capital Assets (Continued)

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Business-type Activities:				
Capital assets, not being depreciated:				
Water stock and rights	\$ 48,617	\$ -	\$ -	\$ 48,617
Land	236,909	-	-	236,909
Construction in progress	513,034	118,022	(513,034)	118,022
Total capital assets, not being depreciated	798,560	118,022	(513,034)	403,548
Capital assets, being depreciated:				
Buildings and improvements	3,424,196	77,771	-	3,501,967
Reservoirs	984,857	-	-	984,857
Water distribution system	14,808,143	920,590	-	15,728,733
Sub-drain system	2,046,416	-	-	2,046,416
Storm drain system	2,619,892	486,197	-	3,106,089
Machinery and equipment	813,485	-	-	813,485
Total capital assets, being depreciated	24,696,989	1,484,558	-	26,181,547
Less accumulated depreciation for:				
Buildings and improvements	(927,140)	(71,439)	-	(998,579)
Reservoirs	(771,619)	(12,595)	-	(784,214)
Water distribution system	(4,453,087)	(300,120)	-	(4,753,207)
Sub-drain system	(390,107)	(40,928)	-	(431,035)
Storm drain system	(305,118)	(52,240)	-	(357,358)
Machinery and equipment	(683,684)	(49,688)	-	(733,372)
Total accumulated depreciation	(7,530,755)	(527,010)	-	(8,057,765)
Total capital assets being depreciated, net	17,166,234	957,548	-	18,123,782
Business-type Activities capital assets, net	<u>\$ 17,964,794</u>	<u>\$ 1,075,570</u>	<u>\$ (513,034)</u>	<u>\$ 18,527,330</u>

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

Business-type Activities:	
Water	\$ 427,923
Drainage	99,087
Total depreciation expense - business-type activities	<u>\$ 527,010</u>

Centerville City Corporation
NOTES TO FINANCIAL STATEMENTS (Continued)

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

C. Capital Assets (Continued)

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Fiduciary Fund:				
Capital assets, being depreciated:				
Machinery and equipment	\$ 23,542	\$ 23,926	\$ -	\$ 47,468
Total capital assets, being depreciated	23,542	23,926	-	47,468
Less accumulated depreciation for:				
Machinery and equipment	(2,237)	(2,475)	-	(4,712)
Total accumulated depreciation	(2,237)	(2,475)	-	(4,712)
Total capital assets being depreciated, net	21,305	21,451	-	42,756
Fiduciary Fund capital assets, net	\$ 21,305	\$ 21,451	\$ -	\$ 42,756

Depreciation expense in the fiduciary fund was \$2,475 for the year ended June 30, 2018.

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, 2018:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Due Within One Year
Governmental Activities:					
Bonds payable:					
Revenue bonds	\$ 2,160,000	\$ -	\$ (510,000)	\$ 1,650,000	\$ 530,000
Plus: unamortized premium	158,431		(39,609)	118,822	-
Total bonds payable	<u>2,318,431</u>	<u>-</u>	<u>(549,609)</u>	<u>1,768,822</u>	<u>530,000</u>
Capital leases	44,474	-	(44,474)	-	-
Notes Payable	-	500,000	-	500,000	100,000
Compensated absences	550,161	266,873	(264,668)	552,366	260,000
Termination benefits	30,327	-	(6,246)	24,081	6,535
Outstanding claims	101,815	618	(42,707)	59,726	20,035
Net pension liability	<u>2,609,476</u>	<u>-</u>	<u>(885,320)</u>	<u>1,724,156</u>	<u>-</u>
Total Governmental activities long-term liabilities	<u>5,654,684</u>	<u>767,491</u>	<u>(1,793,024)</u>	<u>4,629,151</u>	<u>916,570</u>
Business-type Activities:					
Bonds payable:					
Revenue bonds	2,325,000	-	(185,000)	2,140,000	265,000
Plus: unamortized premium	<u>184,074</u>	<u>-</u>	<u>(7,282)</u>	<u>176,792</u>	<u>-</u>
Total bonds payable	2,509,074	-	(192,282)	2,316,792	265,000
Notes payable	1,310,571	49,800	(181,973)	1,178,398	99,491
Compensated absences	66,974	40,058	(34,222)	72,810	36,000
Net pension liability	<u>254,361</u>	<u>-</u>	<u>(95,734)</u>	<u>158,627</u>	<u>-</u>
Total Business-type activities long-term liabilities	<u>4,140,980</u>	<u>89,858</u>	<u>(504,211)</u>	<u>3,726,627</u>	<u>400,491</u>
long-term liabilities	<u>\$ 10,582,814</u>	<u>\$ 857,349</u>	<u>\$ (2,297,235)</u>	<u>\$ 8,355,778</u>	<u>\$ 1,317,061</u>

Centerville City Corporation
NOTES TO FINANCIAL STATEMENTS (Continued)

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

D. Long-Term Liabilities (Continued)

Revenue Bonds

The City has issued revenue bonds secured by the pledged revenues named in the bond issue. Revenue bonds outstanding at June 30, 2018, 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, 2018</u>
Governmental Activities:						
Sales Tax Revenue Bonds, Series 2009	Arts Center	\$ 11,655,000	Nov 1 and May 1	3% - 4%	May 1, 2021	\$ 1,650,000
Business-type Activities:						
Water Revenue Refunding Bonds, Series 2012	Water system improvements	\$ 4,210,000	Sept 1 and Mar 1	2% - 4%	Sept 1, 2031	\$ 2,140,000

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

Year Ending June 30,	Governmental Activities Revenue Bonds	
	Principal	Interest
2019	\$ 530,000	\$ 60,338
2020	550,000	40,463
2021	570,000	20,663
	<u>\$ 1,650,000</u>	<u>\$ 121,464</u>

Year Ending June 30,	Business-type Activities Revenue Bonds	
	Principal	Interest
2019	\$ 265,000	\$ 60,863
2020	285,000	53,988
2021	305,000	46,613
2022	100,000	41,550
2023	100,000	39,050
2024-2028	560,000	148,050
2029-2032	525,000	43,300
	<u>\$ 2,140,000</u>	<u>\$ 433,414</u>

Centerville City Corporation
NOTES TO FINANCIAL STATEMENTS (Continued)

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

D. Long-Term Liabilities (Continued)

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 2038. 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, 2018 are as follows:

Year Ending June 30,	Business-type Activities	
	Notes Payable	
	Principal	Interest
2019	\$ 99,491	\$ 83,749
2020	106,280	76,960
2021	113,542	69,698
2022	115,376	61,984
2023	73,229	55,411
2024-2028	318,270	204,256
2029-2033	328,708	71,143
2034-2038	23,502	4,123
	<u>\$ 1,178,398</u>	<u>\$ 627,324</u>

Compensated Absences and Net Pension Liability

The liabilities for the net pension liability, and compensated absences are expected to be liquidated by the general fund for governmental activities. For business-type activities, the liabilities 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, 2018, 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.

Benefits Provided

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

Summary of Benefits by System

System	Final Average Salary	Years of Service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year up to June 1975; 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 10 years age 60 4 years age 65	2.5% per year up to 20 years; 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 20 years any age 60* 10 years age 62* 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 20 years any age 60* 10 years age 62* 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, 2018 are as follows:

Utah Retirement Systems

	Employee	Employer	Employer 401(k)
Contributory System			
11 - Local Governmental Division Tier 1	6.00%	14.46%	N/A
111 - Local Governmental Division Tier 2	N/A	15.11%	1.58%
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	22.57%	1.26%
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, 2018, 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 Contributions	Employee Contributions
Noncontributory System	\$ 293,648	N/A
Contributory System	27,922	\$ 3,870
Public Safety System	342,975	-
Tier 2 Public Employees System	37,525	-
Tier 2 Public Safety and Firefighter System	11,283	-
Tier 2 DC Only System	4,635	N/A
Tier 2 DC Public Safety and Firefighter System	4,459	N/A
Total Net Pension Asset / Liability	<u>\$ 722,447</u>	<u>\$ 3,870</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, 2018, we reported a net pension asset of \$465 and a net pension liability of \$1,882,783.

System	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/2016	Change (Decrease)
Noncontributory System	\$ -	\$ 805,417	0.1838310%	0.2039119%	-0.0200812%
Contributory System	-	74,682	0.9177603%	0.7888045%	0.1289558%
Public Safety System	-	1,000,918	0.6380725%	0.6375033%	0.0005692%
Tier 2 Public Employees System	-	1,766	0.0200346%	0.0178215%	0.0022131%
Tier 2 Public Safety and Firefighter System	465	-	0.0401947%	0.0507471%	-0.0105524%
Total Net Pension Asset / Liability	<u>\$ 465</u>	<u>\$ 1,882,783</u>			

The net pension asset and liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017 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, 2018, we recognized pension expense of \$765,381.

Centerville City Corporation
NOTES TO FINANCIAL STATEMENTS (Continued)

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

E. Pensions (Continued)

At June 30, 2018, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 18,275	\$ 197,748
Changes in assumptions	661,272	32,829
Net difference between projected and actual earnings on pension plan investments	448,463	1,135,588
Changes in proportion and differences between contributions and proportionate share of contributions	70,178	76,077
Contributions subsequent to the measurement date	346,370	-
Total	<u>\$ 1,544,558</u>	<u>\$ 1,442,242</u>

\$346,370 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, 2017. 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:

Year Ended December 31,	Deferred Outflows (inflows) of Resources
2018	\$ 108,608
2019	\$ 124,009
2020	\$ (231,823)
2021	\$ (247,108)
2022	\$ (472)
Thereafter	\$ 2,733

Actuarial Assumptions

The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.25 – 9.75 percent, average, including inflation
Investment rate of return	6.95 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, 2017, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2016.

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 Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real Assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.75%
	Inflation		2.50%
	Expected arithmetic nominal return		7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.45% that is net of investment expense.

Discount Rate

The discount rate used to measure the total pension liability was 6.95 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 6.95 percent from 7.20 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 6.95 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 (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Proportionate share of			
Noncontributory System	\$ 2,178,227	\$ 805,417	\$ (336,005)
Contributory System	506,350	74,682	(287,411)
Public Safety System	2,521,862	1,000,918	(231,791)
Tier 2 Public Employees System	20,798	1,766	(12,910)
Tier 2 Public Safety and Firefighter System	4,119	(465)	(3,967)
	<u>\$ 5,231,356</u>	<u>\$ 1,882,318</u>	<u>\$ (872,084)</u>

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:

<u>System</u>	<u>Year Ended June 30,</u>	<u>Employee paid Contributions</u>	<u>Employer paid for Employee Contributions</u>
Defined Contribution System:			
401(k) Plan	2018	\$ 73,255	\$ 16,021
	2017	\$ 76,768	\$ 7,504
	2016	\$ 74,431	\$ 9,559
	2015	\$ 56,735	\$ 31,340
	2014	\$ 47,888	\$ 39,720
457 Plan	2018	\$ 9,803	\$ -
	2017	\$ 6,206	\$ -
	2016	\$ 5,486	\$ -
	2015	\$ 2,200	\$ -
	2014	\$ 3,955	\$ -
Roth IRA Plan	2018	\$ 9,073	N/A
	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.

Centerville City Corporation
NOTES TO FINANCIAL STATEMENTS (Continued)

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

G. Risk Management (Continued)

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, 2017	\$ 101,815
Claims incurred	618
Payments on claims	(42,707)
Changes to prior estimates	-
Liability at June 30, 2018	<u>\$ 59,726</u>

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 3.34% with a yearly liability limit set at a maximum of \$482,459 for the coming year ended June 30, 2019. 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, 2018 totaled \$472,999. The aggregate amount paid to UTOPIA of \$3,686,747 as of June 30, 2018, 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.

Centerville City Corporation
NOTES TO FINANCIAL STATEMENTS (Continued)

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

H. Interlocal Agreements (Continued)

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, 2018, totaled \$0. The aggregate amount paid to UIA of \$231,040 as of June 30, 2018, 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 \$1,211,984 of outstanding construction commitments at June 30, 2018.

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, 2018:

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

Parish Lane	\$ 873,511
Legacy Crossing	215,933
Barnard Creek	90,244
	<u>192,707</u>
	<u>\$ 1,372,395</u>

Amounts expended for:

Site improvements and preparation costs	\$ 33,405
Administrative costs	230,605
Tax increment paid to other entities	<u>254,243</u>
Total amounts expended by RDA	<u>\$ 518,253</u>

Outstanding bonds and loans to finance RDA projects	<u>\$ -</u>
---	-------------

REQUIRED SUPPLEMENTAL INFORMATION

Centerville City Corporation
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2018
Last 10 Fiscal years *

	Year Ended June 30,	Noncontributory System	Contributory Retirement System	Public Safety System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters Retirement
Proportion of the net pension liability (asset)	2015	0.1964264%	2.2216079%	0.5439158%	0.0679200%	N/A
	2016	0.1985342%	0.4180201%	0.5781148%	0.0164082%	0.2239970%
	2017	0.2039119%	0.7888045%	0.6375033%	0.0178215%	0.0507471%
	2018	0.1838307%	0.9177603%	0.6380725%	0.0200346%	0.0401947%
Proportionate share of the net pension liability (asset)	2015	\$ 852,930	\$ 96,912	\$ 684,019	\$ (638)	N/A
	2016	\$ 1,123,403	\$ 293,807	\$ 1,035,549	\$ (36)	\$ (327)
	2017	\$ 1,309,364	\$ 258,815	\$ 1,293,670	\$ 1,988	\$ (441)
	2018	\$ 805,417	\$ 74,682	\$ 1,000,918	\$ 1,766	\$ (465)
Covered employee payroll	2015	\$ 1,679,906	\$ 179,641	\$ 944,010	\$ 103,177	N/A
	2016	\$ 1,717,997	\$ 178,113	\$ 962,350	\$ 105,998	\$ 13,357
	2017	\$ 1,818,881	\$ 189,265	\$ 995,417	\$ 146,152	\$ 41,928
	2018	\$ 1,619,695	\$ 186,228	\$ 986,759	\$ 196,054	\$ 42,424
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2015	50.80%	53.90%	72.50%	-0.60%	N/A
	2016	65.39%	164.96%	107.61%	-0.03%	-2.45%
	2017	71.99%	136.75%	129.96%	1.36%	-1.05%
	2018	49.73%	40.10%	101.43%	0.90%	-1.10%
Plan fiduciary net position as a percentage of the total pension liability	2015	90.2%	94.0%	90.5%	103.5%	N/A
	2016	87.8%	85.7%	87.1%	100.2%	110.7%
	2017	87.3%	92.9%	86.5%	95.1%	103.6%
	2018	91.9%	98.2%	90.2%	97.4%	103.0%

** 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, 2018
Last 10 Fiscal Years *

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee 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%
	2018	\$ 293,648	\$ 293,648	\$ -	\$ 1,590,708	18.46%
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%
	2018	\$ 27,922	\$ 27,922	\$ -	\$ 194,471	14.36%
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%
	2018	\$ 342,975	\$ 342,975	\$ -	\$ 1,007,564	34.04%
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%
	2018	\$ 37,525	\$ 37,525	\$ -	\$ 250,605	14.97%
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%
	2018	\$ 11,283	\$ 11,283	\$ -	\$ 50,001	22.57%
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%
	2018	\$ 4,635	\$ 4,635	\$ -	\$ 70,921	6.54%
Tier 2 Public Safety and Firefighter DC Only System **	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	\$ -	\$ -	\$ -	\$ -	0.00%
	2016	\$ -	\$ -	\$ -	\$ -	0.00%
	2017	\$ -	\$ -	\$ -	\$ -	0.00%
	2018	\$ 4,459	\$ 4,459	\$ -	\$ 37,688	11.83%

* 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
NOTES TO THE SCHEDULES OF THE PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY AND CONTRIBUTIONS
For the Year Ended June 30, 2018

Changes in Assumptions:

As a result of an experience study conducted as of December 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) included a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60% to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

SUPPLEMENTAL INFORMATION

Centerville City Corporation
COMBINING BALANCE SHEET – NONMAJOR
GOVERNMENTAL FUNDS
June 30, 2018

	Special Revenue Funds				Capital Projects Funds		Arts Center Debt Service Fund	Total Nonmajor Governmental Funds
	Municipal Building Authority	Recreation	R.A.P. Tax	Cemetery Perpetual Care	UTOPIA	Park Improvements		
Assets:								
Cash and cash equivalents	\$ 1,207	\$ 12,795	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ 14,005
Restricted receivables:								
Taxes	-	-	78,416	-	-	-	-	78,416
Restricted cash and cash equivalents	-	-	268,337	53,986	-	319,519	-	641,842
Total Assets	\$ 1,207	\$ 12,795	\$ 346,753	\$ 53,986	\$ 3	\$ 319,519	\$ -	\$ 734,263
Liabilities:								
Accounts payable	\$ -	\$ 8,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,479
Payable from restricted assets:								
Accounts payable	-	-	4,626	-	-	319,519	-	324,145
Total Liabilities	-	8,479	4,626	-	-	319,519	-	332,624
Fund Balances:								
Nonspendable, in the form of:								
Premanently restricted cemetery	-	-	-	37,700	-	-	-	37,700
Restricted for:								
Future development	-	-	342,127	-	-	-	-	342,127
Cemetery	-	-	-	16,286	-	-	-	16,286
Assigned, reported in:								
Special revenue funds	1,207	4,316	-	-	-	-	-	5,523
Capital project funds	-	-	-	-	3	-	-	3
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	1,207	4,316	342,127	53,986	3	-	-	401,639
Total Liabilities and Fund Balances	\$ 1,207	\$ 12,795	\$ 346,753	\$ 53,986	\$ 3	\$ 319,519	\$ -	\$ 734,263

Centerville City Corporation
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – NONMAJOR
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2018

	Special Revenue Funds				Capital Projects Funds			Total
	Municipal Building Authority	Recreation	R.A.P. Tax	Cemetery Perpetual Care	UTOPIA	Park Improvements	Arts Center Debt Service Fund	Nonmajor Governmental Funds
Revenues:								
Taxes	\$ -	\$ -	\$ 400,138	\$ -	\$ -	\$ -	\$ -	\$ 400,138
Fees and contributions	-	-	-	-	-	95,200	-	95,200
Charges for services	-	120,138	-	32,000	-	-	-	152,138
Interest	-	-	7,852	694	-	767	-	9,313
Miscellaneous	-	22,232	-	-	-	-	-	22,232
Total Revenues	-	142,370	407,990	32,694	-	95,967	-	679,021
Expenditures:								
Current:								
General government	-	-	-	-	472,999	-	2,500	475,499
Parks and recreation	-	211,032	53,465	-	-	-	-	264,497
Community development	-	-	23,819	-	-	-	-	23,819
Debt service:								
Principal	-	-	-	-	-	-	510,000	510,000
Interest	-	-	-	-	-	-	78,188	78,188
Capital outlay	-	-	-	-	-	1,035,240	-	1,035,240
Total Expenditures	-	211,032	77,284	-	472,999	1,035,240	590,688	2,387,243
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(68,662)	330,706	32,694	(472,999)	(939,273)	(590,688)	(1,708,222)
Other Financing Sources (Uses):								
Notes payable issued	-	-	-	-	-	500,000	-	500,000
Transfers in	-	10,000	-	-	473,000	439,271	590,688	1,512,959
Transfers out	-	-	(390,950)	(25,600)	-	-	-	(416,550)
Total Other Financing Sources (Uses)	-	10,000	(390,950)	(25,600)	473,000	939,271	590,688	1,596,409
Net Change in Fund Balances	-	(58,662)	(60,244)	7,094	1	(2)	-	(111,813)
Fund Balances, Beginning	1,207	62,978	402,371	46,892	2	2	-	513,452
Fund Balances, Ending	\$ 1,207	\$ 4,316	\$ 342,127	\$ 53,986	\$ 3	\$ -	\$ -	\$ 401,639

Centerville City Corporation
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES – BUDGET AND ACTUAL - NONMAJOR GOVERNMENTAL FUNDS
For The Year Ended June 30, 2018

	<u>Municipal Building Authority Special Revenue Fund</u>			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
Fund Balances, Beginning			<u>1,207</u>	
Fund Balances, Ending			<u><u>\$ 1,207</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, 2018

	Recreation Special Revenue Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ 146,120	\$ 146,120	\$ 120,138	\$ (25,982)
Miscellaneous	20,000	21,915	22,232	317
Total Revenues	<u>166,120</u>	<u>168,035</u>	<u>142,370</u>	<u>(25,665)</u>
Expenditures:				
Current:				
Parks and recreation	205,220	205,220	211,032	(5,812)
Capital outlay	3,500	3,500	-	3,500
Total Expenditures	<u>208,720</u>	<u>208,720</u>	<u>211,032</u>	<u>(2,312)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(42,600)</u>	<u>(40,685)</u>	<u>(68,662)</u>	<u>(27,977)</u>
Other Financing Sources (Uses):				
Transfers in	10,000	10,000	10,000	-
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (32,600)</u>	<u>\$ (30,685)</u>	<u>(58,662)</u>	<u>\$ (27,977)</u>
Fund Balances, Beginning			<u>62,978</u>	
Fund Balances, Ending			<u>\$ 4,316</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, 2018

	R.A.P. Tax Special Revenue Fund			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 390,000	\$ 390,000	\$ 400,138	\$ 10,138
Interest	-	-	7,852	7,852
Total Revenues	<u>390,000</u>	<u>390,000</u>	<u>407,990</u>	<u>17,990</u>
Expenditures:				
Parks and recreation	19,500	19,500	9,827	9,673
Community development	19,500	19,500	23,819	(4,319)
Capital outlay	331,500	217,162	43,638	173,524
Total Expenditures	<u>370,500</u>	<u>256,162</u>	<u>77,284</u>	<u>178,878</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>19,500</u>	<u>133,838</u>	<u>330,706</u>	<u>196,868</u>
Other Financing Sources (Uses):				
Transfers out	<u>(19,500)</u>	<u>(133,838)</u>	<u>(390,950)</u>	<u>(257,112)</u>
Total Other Financing Sources (Uses)	<u>(19,500)</u>	<u>(133,838)</u>	<u>(390,950)</u>	<u>(257,112)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>(60,244)</u>	<u>\$ (60,244)</u>
Fund Balances, Beginning			<u>402,371</u>	
Fund Balances, Ending			<u>\$ 342,127</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, 2018

	Cemetery Perpetual Care Special Revenue Fund			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Charges for services	\$ 33,500	\$ 33,500	\$ 32,000	\$ (1,500)
Interest	-	-	694	694
Total Revenues	<u>33,500</u>	<u>33,500</u>	<u>32,694</u>	<u>(806)</u>
Expenditures:				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>33,500</u>	<u>33,500</u>	<u>32,694</u>	<u>(806)</u>
Other Financing Sources (Uses):				
Transfers out	-	-	(25,600)	25,600
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(25,600)</u>	<u>25,600</u>
Net Change in Fund Balances	<u>\$ 33,500</u>	<u>\$ 33,500</u>	<u>7,094</u>	<u>\$ (26,406)</u>
Fund Balances, Beginning			<u>46,892</u>	
Fund Balances, Ending			<u>\$ 53,986</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, 2018

	UTOPIA Capital Projects Fund			
	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues:				
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Current:				
General Government	<u>472,819</u>	<u>472,819</u>	<u>472,999</u>	<u>(180)</u>
Total Expenditures	<u>472,819</u>	<u>472,819</u>	<u>472,999</u>	<u>(180)</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(472,819)</u>	<u>(472,819)</u>	<u>(472,999)</u>	<u>(180)</u>
Other Financing Sources (Uses):				
Transfers in	<u>472,819</u>	<u>472,819</u>	<u>473,000</u>	<u>(181)</u>
Total Other Financing Sources				
(Uses)	<u>472,819</u>	<u>472,819</u>	<u>473,000</u>	<u>(181)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>1</u>	<u>\$ 1</u>
Fund Balances, Beginning			<u>2</u>	
Fund Balances, Ending			<u><u>\$ 3</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, 2018

	Park Improvements Capital Projects Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fees and contributions	\$ 50,000	\$ 50,000	\$ 95,200	\$ 45,200
Interest	-	-	767	767
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>95,967</u>	<u>45,967</u>
Expenditures:				
Current:				
Capital outlay	<u>50,000</u>	<u>1,059,350</u>	<u>1,035,240</u>	<u>24,110</u>
Total Expenditures	<u>50,000</u>	<u>1,059,350</u>	<u>1,035,240</u>	<u>24,110</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(1,009,350)</u>	<u>(939,273)</u>	<u>70,077</u>
Other Financing Sources (Uses):				
Notes payable issued	-	500,000	500,000	-
Transfers in	-	214,338	439,271	224,933
Transfers out	<u>-</u>	<u>214,338</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>928,676</u>	<u>939,271</u>	<u>224,933</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (80,674)</u>	<u>(2)</u>	<u>\$ (80,672)</u>
Fund Balances, Beginning			<u>2</u>	
Fund Balances, Ending			<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, 2018

	Arts Center Debt Service Fund			
	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Total Revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Current:				
General government	2,500	2,500	2,500	-
Debt service:				
Principal	510,000	510,000	510,000	-
Interest	78,188	78,188	78,188	-
Total Expenditures	<u>590,688</u>	<u>590,688</u>	<u>590,688</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(590,688)</u>	<u>(590,688)</u>	<u>(590,688)</u>	<u>-</u>
Other Financing Sources (Uses):				
Transfers in	590,688	590,688	590,688	-
Total Other Financing Sources (Uses)	<u>590,688</u>	<u>590,688</u>	<u>590,688</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances, Beginning, Restated			<u>-</u>	
Fund Balances, Ending			<u>\$ -</u>	

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.

<u>Contents</u>	<u>Page</u>
Financial Trends	79
These schedules provide trend information to help the reader understand how the City's financial performance and economic condition have changed over time.	
Revenue Capacity	86
These schedules present information to help the reader assess the City's most significant local revenue sources: sales taxes and property taxes.	
Debt Capacity	94
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.	
Demographic and Economic Information	99
These schedules present demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	102
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.	

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Governmental activities</u>										
Invested in capital assets, net of related debt	\$ 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	\$ 29,562,326
Restricted	13,476,070	6,014,400	314,049	105,067	15,654	19,684	17,317	438,816	1,458,012	1,911,418
Unrestricted	(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)	(639,320)
Total governmental activities net assets	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	30,834,424
<u>Business-type activities</u>										
Invested in capital assets, net of related debt	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	16,210,538
Restricted	1,086,077	1,091,180	1,106,719	2,532,805	1,360,662	999,330	203,884	512,047	39,750	302,097
Unrestricted	(172,501)	(327,570)	(364,138)	203,033	1,202,214	1,281,957	(47,159)	(32,470)	1,171,841	1,911,247
Total business-type activities net assets	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	18,423,882
<u>Primary government</u>										
Invested in capital assets, net of related debt	27,751,342	32,447,774	34,802,337	35,898,263	37,300,030	38,591,421	43,810,793	44,672,518	44,672,518	45,772,864
Restricted	14,562,147	7,105,580	1,420,768	2,637,872	1,376,316	1,019,014	221,201	1,497,762	1,497,762	2,213,515
Unrestricted	(8,339,078)	(3,658,381)	1,264,365	2,762,419	2,711,244	1,419,853	(1,104,918)	(65,533)	(65,533)	1,271,927
Total primary government net assets	\$ 33,974,411	\$ 35,894,973	\$ 37,487,470	\$ 41,298,554	\$ 41,387,590	\$ 41,030,288	\$ 42,927,076	\$ 46,104,747	\$ 46,104,747	\$ 49,258,306

Centerville City Corporation

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
<u>Governmental activities</u>										
General government	\$ 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	\$ 898,339
Public Safety	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	3,578,718
Streets and Public Works	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	2,536,583
Parks & Recreation	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	1,466,307
Community Development	1,026,745	642,469	927,596	1,124,270	660,840	539,894	618,065	1,096,021	1,051,553	896,199
Interest on long-term debt	152,369	493,361	450,822	370,904	312,167	259,327	213,694	98,142	45,112	36,254
Total governmental activities	8,033,212	8,668,788	8,795,752	9,871,775	9,347,372	9,849,489	9,929,930	9,262,482	9,508,491	9,412,400
<u>Business-type activities</u>										
Water	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	2,020,268
Sanitation	655,091	818,314	881,683	868,350	906,971	979,738	956,890	703,201	965,638	772,744
Storm Drain	382,484	483,127	575,251	517,346	629,638	611,098	760,994	973,114	704,313	938,757
Telecom	-	-	-	37,747.00	260,540	424,108	283,566	314,130	302,954	267,175
Total business-type activities	2,639,005	2,976,292	3,030,344	3,113,552	3,883,153	3,849,956	3,966,472	4,096,705	4,041,373	3,998,944
Total primary government expenses	\$ 10,672,217	\$ 11,645,080	\$ 11,826,096	\$ 12,985,327	\$ 13,230,525	\$ 13,699,445	\$ 13,896,402	\$ 13,359,187	\$ 13,549,864	\$ 13,411,344
Program Revenues										
<u>Governmental activities</u>										
Charges for services										
General government	\$ 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	\$ 845,943
Streets and Public Works	8,009	10,551	7,186	12,993	16,388	11,477	5,085	-	-	-
Parks & Recreation	115,714	96,152	114,825	112,501	112,607	118,300	121,278	249,057	251,100	282,157
Community Development	283,527	242,284	338,196	548,812	350,406	333,252	241,315	-	-	-
Operating grants and contributions	32,287	-	-	-	-	-	-	2,304,830.00	1,599,141	1,922,569
Capital grants and contributions	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	49,733
Total governmental activities program revenues	3,588,701	3,787,998	3,141,147	3,393,790	3,842,033	4,259,675	4,864,502	4,826,775	3,479,143	3,100,402

Centerville City Corporation

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Business-type activities</u>										
Charges for services										
Water	\$ 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	\$ 2,683,062
Sanitation	623,054	758,206	796,831	821,464	880,454	942,296	955,657	1,237,116	1,005,896	1,258,271
Storm Drain	542,718	591,537	549,545	555,681	564,987	576,486	586,157	976,007	1,251,125	1,005,378
Telecom	-	-	-	40,199.00	260,676.00	256,247	282,767	295,261	300,671	270,333
Operating grants and contributions	-	-	-	-	-	-	-	350,533.00	320,456	522,230
Capital grants and contributions	-	350,000.00	12,000	-	253,450.00	-	311,841.00	-	-	-
Total business-type activities primary revenues	<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>	<u>5,739,274</u>
Total primary government program revenues	<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>	<u>\$ 8,839,676</u>
Net (Expense)/Revenue										
Governmental activities	\$ (4,444,511)	\$ (4,880,790)	\$ (5,654,605)	\$ (6,477,985)	\$ (5,505,339)	\$ (5,589,814)	\$ (5,065,428)	\$ (4,435,707)	\$ (6,029,348)	\$ (6,311,998)
Business-type activities	<u>181,672</u>	<u>365,860</u>	<u>301,009</u>	<u>414,975</u>	<u>552,604</u>	<u>356,793</u>	<u>421,617</u>	<u>813,341</u>	<u>1,142,532</u>	<u>1,740,330</u>
Total primary government net (expense)/revenue	<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>\$ (4,886,816)</u>	<u>\$ (4,571,668)</u>
General Revenues and Other Changes in Net Position										
Governmental activities										
Taxes										
Property Tax and Uniform Fees	\$ 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	\$ 1,823,795
Franchise, Telecommunication & Energy Sales	964,201	966,412	970,297	994,689	1,037,792	1,144,152	1,132,319	1,141,628	1,126,627	1,099,191
General & Highway Sales Tax	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	4,391,007
Gain on Sale of Capital Assets	(20,408)	3,131	-	-	-	-	-	64,331	-	-
Other	291,996	329,497	706,511	216,705	66,662	224,224	98,392	437,570	551,487	485,950
Transfers	<u>(549,751.00)</u>	<u>174,187.00</u>	<u>53,332.00</u>	<u>19,765</u>	<u>-</u>	<u>(163,400.00)</u>	<u>(20,840)</u>	<u>(16,309)</u>	<u>(230,590)</u>	<u>(90,957)</u>
Total governmental activities	<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>	<u>7,708,986</u>
Business-type activities										
Other	27,941.00	17,677.00	15,111.00	5,831.00	24,421.00	7,784	4,632	7,649	4,945	15,139
Transfers	<u>549,751</u>	<u>(174,187)</u>	<u>(53,332)</u>	<u>(19,765)</u>	<u>-</u>	<u>163,400.00</u>	<u>20,840</u>	<u>16,309</u>	<u>177,385</u>	<u>1,102</u>
Total business-type activities	<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>	<u>16,241</u>
Total primary government	<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>	<u>\$ 7,725,227</u>
Change in Net Position										
Governmental activities	\$ 1,755,395	\$ 1,711,212	\$ 1,329,709	\$ 313,424	\$ 1,258,028	\$ 465,313	\$ 1,173,904	\$ 2,164,212	\$ 773,844	\$ 1,396,988
Business-type activities	<u>759,364</u>	<u>209,350</u>	<u>262,788</u>	<u>401,041</u>	<u>577,025</u>	<u>527,977</u>	<u>447,089</u>	<u>837,299</u>	<u>1,324,862</u>	<u>1,756,571</u>
Total primary government	<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>\$ 2,098,706</u>	<u>\$ 3,153,559</u>

Centerville City Corporation

Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>General Fund</u>										
Nonspendable	\$ -	\$ -	\$ -	\$ 235,461.00	\$ 124,589	\$ 7,064	\$ -	\$ 32,859.00	\$ 15,491	\$ 10,874
Restricted	919,203	642,385	450,214	-	-	-	-	139,993.00	22,901	20,275
Unassigned	1,211,929	1,341,737	1,102,412	1,156,052	1,556,947	1,317,015	831,617	619,427	615,562	1,125,445
Total general fund	2,131,132	1,984,122	1,552,626	1,391,513	1,681,536	1,324,079	831,617	792,279	653,954	1,156,594
<u>All Other Governmental Funds</u>										
Nonspendable	-	-	-	-	-	-	-	-	37,700.00	37,700
Restricted	14,084,359	5,810,749	203,893	105,067	15,654	19,684	17,317	298,823	1,397,408	1,853,443
Assigned reported in:										
Special revenue funds	46,802	46,964	56,221	27,649	23,295	52,936	53,031	64,119	270,417	5,523
Capital project funds	563,971	104,755	100,242	374,189	423,941	483,408	312,484	332,964	67,889	415,595
Debt Service Funds	-	-	-	-	-	44,828	15,850	15,362	-	-
Redevelopment Agency Fund	758,791	961,349	553,564	244,971	-	260,978	342,835	50,540	86,921	92,287
Unassigned reported in:										
Special revenue funds	-	-	(171,872)	(278,330)	-	-	-	(7,909)	-	-
Total all other governmental funds	15,453,923	6,923,817	742,048	473,546	462,890	861,834	741,517	753,899	1,860,335	2,404,548
Total governmental funds	<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>	<u>\$ 3,561,142</u>

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>Revenues</u>										
Taxes	\$ 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	\$ 7,714,131
Special Assessments	8,009	10,551	7,186	12,993	16,388	11,477	5,085	-	-	-
Licenses & Permits	283,527	242,284	338,196	548,812	350,406	333,252	241,315	525,878	278,579	251,569
Intergovernmental	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	1,877,369
Charges for Services	529,684	381,139	389,770	589,965	484,300	481,387	392,158	411,520	384,320	332,398
Charges for Services - Other Funds	503,900	503,900	709,085	611,000	686,000	698,000	859,500	-	-	-
Fee & Contributions	-	-	-	-	-	-	-	480,252.00	80,223	95,200
Fines & Forfeitures	573,747	576,948	494,625	460,565	463,760	468,323	493,568	444,658	440,062	473,817
Interest	129,251	121,520	52,788	30,319	22,242	17,628	10,017	13,284	21,924	40,808
Miscellaneous	162,745	207,977	375,393	236,481	44,420	611,366	127,654	91,459	188,223	115,055
Total revenues	9,995,246	9,306,409	9,793,799	10,215,529	10,015,906	10,882,972	10,674,703	11,378,672	10,514,266	10,900,347
<u>Expenditures</u>										
General government	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	856,789
Public Safety	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	3,443,697
Street & Public Works	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	1,892,539
Community Development	1,172,949	598,034	912,744	1,063,826	648,840	516,534	595,600	917,359	1,030,543	896,594
Parks & Recreation	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	1,291,903
Capital Outlay	1,210,577	7,744,284	6,046,231	276,967	23,778	16,170	39,132	2,048,150	1,026,800	1,247,483
Debt Service										
Principal retirement	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	554,476
Interest and fiscal charges	88,997	492,486	452,226	382,716	321,947	267,235	221,602	147,140	97,230	79,056
Contractual Payments (UTOPIA)	-	183,727	278,368	449,346	428,410	436,978	445,718	-	-	-
Total expenditures	10,075,513	17,503,798	16,460,574	10,647,003	9,729,305	10,710,537	11,239,980	11,232,397	9,441,297	10,262,537
Excess (deficiency) of revenues over (under) expenditures	(80,267)	(8,197,389)	(6,666,775)	(431,474)	286,601	172,435	(565,277)	146,275	1,072,969	637,810

Centerville City Corporation

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources (Uses)										
Notes payable issued	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Transfers in	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	1,954,151
Transfers out	(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)	(2,045,108)
Sale of capital assets	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)	11,585,683	(479,727)	53,510	1,859	(7,234)	(130,948)	(47,502)	61,240	(229,812)	409,043
Net change in fund balances	<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>	<u>\$ 1,046,853</u>
Fund Balance Beginning of Year, restated	<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>	<u>\$ 2,514,289</u>
Fund Balance End of Year	<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>	<u>\$ 3,561,142</u>
Debt service as a percentage of noncapital expenditures	4.25%	19.59%	18.50%	17.05%	17.07%	15.43%	15.03%	18.51%	7.56%	7.03%

Centerville City Corporation

Governmental Activities Taxes and Special Assessment Revenues Last Ten Fiscal Years

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
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
2018	1,655,811	4,065,517	614,151	1,099,191	-	400,138	325,489	8,160,297

(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

Fiscal Year	<u>Overlapping Rates</u>				
	City	County	State	Transit	Total
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 %
2018	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 Ten Years Ago

Taxpayer	Sales Taxes*	Fiscal Year 2018		Sales Taxes*	Fiscal Year 2008	
		Rank	Percentage of Total Sales*		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 Form	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>\$ 2,152,276</u>		<u>53.00 %</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		
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	\$ 1,041,721	\$ 1,570,550	66.33%	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
2017	1,157,662	1,854,078	40,680	40,904	\$ 1,198,342	\$ 1,894,982	63.24%	1.1444

Sources: Utah State Tax Commission

Centerville City Corporation

Property Tax Levies and Collections Last Ten Calendar Years

Calendar Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collection	Subsequent Collections	Total Tax Collections	Total Collections as Percent of Levy
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
2017	1,553,554	1,724,355	110.99	(1,494)	1,722,861	110.9

* In calendar year 2016, Davis Co. was in the process of moving from a manual to an automated system for updating the personal property portion of the property tax assessment. The switch resulted in more personal property value and an increase in property taxes collected for both calendar year 2016 and 2017.

Source: Utah State Tax Commission

Centerville City Corporation

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

<u>Tax Year</u>	<u>Centerville City</u>	<u>Davis County</u>	<u>Davis School District</u>	<u>Special Taxing Districts</u>	<u>Total Levy</u>
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
2017	0.127500	0.248630	0.775500	0.112800	1.264430

Source: Utah State Tax Commission

Centerville City Corporation

Principal Taxpayers

Current Year and Ten Years Ago

Tax Year 2018				
Taxpayer	Rank	Type of Business Business	Taxable Value	Percent of Total Taxable Value
Legacy Crossing LLC, (Theatre & Ap	1	Entertainment/Housing	28,164,296	2.49%
Dayton West LLC	2	Commercial Real Estate	21,939,842	1.94%
Pacificorp	3	Electrical Utility	20,430,000	1.81%
Wal-Mart Real Estate Business Tru	4	Commercial Real Estate	18,793,209	1.66%
Legacy Office Building LLC and JF	5	Office	13,742,683	1.22%
Dayton Hudson Corporation	6	Commercial Real Estate	11,932,177	1.06%
Centerville Market Place LLC	7	Retail	10,680,600	0.94%
HD Development of Maryland Inc.	8	Retail	9,008,705	0.80%
SDCKP LLC	9	Retail	8,325,500	0.74%
Deerwood Properties Utah LLC	10	Property Management	6,627,062	0.59%
Total			149,644,074	12.49%

Tax Year 2008				
Taxpayer	Rank	Type of Business Business	Taxable Value	Percent of Total Taxable Value
Dayton Hudson Corporation (Targe	1	Retail	12,238,474	1.59%
Dayton West LLC	2	Commercial Real Estate	9,798,891	1.28%
Pacificorp	3	Electrical Utility	8,413,867	1.10%
Walmart	4	Retail	8,191,095	1.07%
HD Development of Maryland	5	Retail	8,011,819	1.04%
Albertson' s	6	Retail	4,824,876	0.63%
Hogan & Associates	7	Commercial Property	4,046,205	0.53%
Syro Steel	8	Manufacturing	3,992,237	0.52%
Hale Industries	9	Construction Materials	3,973,833	0.52%
Tingey Real Estate	10	Commercial Property	3,919,369	0.51%
Dika Properties	11	Retail	3,450,003	0.45%
Garden View Centerville LLC	12	Housing	3,038,731	0.40%
Total			73,899,400	

Source: Davis County Clerk/Auditors Office

Centerville City Corporation

Property Value and Construction Last Ten Calendar Years

Calendar Year	Non-residential Construction		Residential Construction		Total New Construction		Estimated Total Property	
	No. of Units	Value	No. of Units	Value	Value	Value	Value	Value
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		
2017	17	4,474,083	34	8,924,886	13,398,969	1,191,762,133		

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		Percentage of Personal Income	Per Capita
	MBA Lease Revenue Bonds	Sales Tax Revenue Bonds	Notes Payable	Capital Lease	Special Assessment Bonds	Water Revenue Bonds	Total Primary Government		
2008	\$ 830,000	\$ -	\$ 312,000	\$ -	\$ -	\$3,341,000	\$ 4,483,000	0.66 %	220.02
2009	655,000	12,130,303.00	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	-	2,318,431	-	44,474	-	2,325,000	4,687,905	0.84 %	145.88
2018	-	1,768,822	500,000	-	-	2,140,000	4,408,822	0.72 %	127.87

Centerville City Corporation

Direct and Overlapping Governmental Activities Debt

As of June 30, 2018

<u>Governmental Unit</u>	<u>Outstanding Debt</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping</u>
Debt repaid with property taxes			
Davis County	\$ 12,840,000	5.00 %	\$ 642,000
Davis School District	539,425,000	5.00 %	26,971,250
Weber Basin Water Conservancy	18,618,938	0.24 %	44,685
State of Utah	2,396,875,000	0.56 %	13,422,500
South Davis Recreation District	9,715,000	15.77 %	1,532,056
Other Debt - Davis County			
Sales Tax Revenue Bonds	29,475,759	11.23 %	3,310,128
MBA lease revenue bonds	17,680,000	5.00 %	884,000
Total Overlapping Debt	<u>3,024,629,697</u>		<u>46,806,619</u>
Direct Debt - Centerville City			
Sales Tax Revenue Bonds	\$ 1,650,000.00	100.00 %	1,650,000
Plus: unamortized premium	118,822.00	100.00 %	118,822
Notes Payable	500,000.00	100.00 %	500,000
	<u>\$ 2,268,822</u>		<u>2,268,822</u>
Total direct and overlapping debt	<u>\$ 3,026,898,519</u>		<u>\$ 49,075,441</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			
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 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	\$ 49,747,926
Total debt applicable to limit (1)	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<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>	<u>\$ 49,747,926</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	\$	1,243,698,154
Debt limit (4% of assessed value)		49,747,926
Debt applicable to limit		-
Legal debt margin	<u>\$</u>	<u>49,747,926</u>

Centerville City Corporation

Pledged Revenue Bond Coverage

Last Eight Years

Sales Tax Revenue Bonds series 2009

Fiscal Year	Sales & Use Tax Revenue	Debt Service Requirements			Coverage
		Principal	Interest & Fiscal	Total	
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
2018	4,065,517	510,000	78,188	588,188	6.91

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

Fiscal Year	Gross Revenues	Operating Transfers	Expenses net of Depreciation	Net Available Revenue	Principal	Interest	Total	Coverage
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
2018	4,478,416	1,102	(2,201,336)	2,278,182	185,000	64,869	\$ 249,869	9.12

(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

alendYear							
Year	Population (1)	Per Capita Income (2)	Personal Income (2)	Unemployment Rate (3)	Median Age (4)	Average Size of Household (4)	
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	
2017	17,657	34,478	608,778,046	2.9	36.5	3.08	

(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	2018			2008		
	Employees	Rank	Type of Business	Employees	Rank	Type of Business
Wal Mart	250-499	1	General Merchandise	250-499	2	General Merchandise
Target	100-249	2	General Merchandise	100-249	3	General Merchandise
Deseret Industries	100-249	3	Retail Trade	100-249	5	Retail Trade
Management & Training Corp	500-999	4	Job Training Services	100-249	1	Job Training Services
Dicks Market	100-249	5	Grocery Store	100-249	4	Grocery Store
Home Depot	100-249	6	Retail Trade	100-249	7	Retail Trade
Megaplex	100-249	7	Entertainment	NA		Entertainment
Kohl's	100-249	8	General Merchandise	NA		General Merchandise
Chick-Fil-A	50-99	9	Restaurant - Fast Food	NA		Restaurant - Fast Food
Colonial Building Supply	50-99	10	Building Materials	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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
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	4.5	4.0
Justice Court	3.75	3.75	2.75	2.50	2.50	2.50	2.50	2.50	2.00	2.00
Total General Government	10.25	10.25	9.25	9.00	9.00	9.00	9.00	9.00	9.50	9.00
Police	25	25	25	25	25	25	25	26	29.0	30.0
Community Development	4	3	3	3	3	3	3	3	3	3
Public Works										
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	6.5	6.5	6.5
Drainage	1	1	1	1	1	1	1	1	1	1
Total Public Works	14.5	14.5	14.5	14.5	14.5	14.5	14.5	15.5	15.5	15.5
Parks & Recreation										
Parks	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5	10.8	10.8
Recreation	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	5.5	5.0
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
Total Parks and Rec	17.25	17.25	17.25	17.25	17.25	17.25	17.25	17.25	17.25	17.25
Total Primary Government	71.00	70.00	69.00	68.75	68.75	68.75	68.75	70.25	74.25	74.75

Sources: Centerville City Payroll

Centerville City Corporation

General Fund Expenditures by Function Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Community Development	Parks & Recreation	Total
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
2018	375,169	3,387,167	1,143,810	354,522	992,268	\$ 6,252,936

Centerville City Corporation

Operating Indicators by Function

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

Function	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Community development										
Single Dwelling permits	14	7	10	32	40	16	7	27	24	15
Double Dwelling permits	48	24	8	22	40	23	-	1	29	19
Multi-family Dwelling permits	24	-	-	3	1	-	-	4	72	-
Commercial permits	20	15	7	23	15	16	36	27	23	17
Demolition permits	7	6	2	-	2	3	5	4	2	3
Permit process time	7 days	7 days	7 days	5 days	5 days	5 days	3-5 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	93
Undeveloped Acreage	35	35	35	35	35	35	35	35	35	30
Youth in Recreation Programs	2,658	2,732	2,446	2,510	2,374	2,150	2,476	2,153	2,339	2,193
Police Services										
Expenditures per officer	113,688	119,140	119,140	125,047	136,302	143,876	132,710	141,519	139,561	143,230
Average response time (minutes)	1.23 to 6.52	.80 to 2.93	3	3.63	3.45	1.20	n/a	3	4.04	4.12
Police reports per officer	135	143	124	130	138	145	n/a	n/a	n/a	n/a
Water										
Gallons billed	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	445,474,000
Residential connections	4,041	4,093	4,110	4,114	4,211	4,275	4,468	4,492	4,580	4,633
Other connections	459	461	463	465	467	483	501	502	246	272
Taxes										
Taxable sales per capita (local option)	21,761	19,856	20,954	22,136	22,930	22,851	23,650	24,776	26,879	28,122
Sales tax revenue per capita (local option)	\$210.63	\$188.22	\$178.22	\$193.51	\$197.30	\$200.65	\$208.66	\$219.09	\$237.69	\$248.68
Indexed to State average (less resort cities)	115.10%	111.37%	109.34%	n/a	n/a	168.39%	n/a	n/a	n/a	n/a
Property tax revenue per capita (non RDA)	\$57.99	\$57.36	\$62.45	\$60.35	\$60.82	\$59.97	\$56.60	\$59.07	\$72.14	\$103.29
Indexed to State average (less resort cities)	78.36%	59.13%	63.72%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Franchise tax per capita	\$61.51	\$63.19	\$63.02	\$64.05	\$64.05	\$68.83	\$67.33	\$67.64	\$65.18	\$62.25
Indexed to State average (less resort cities)	384.44%	210.63%	233.41%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total tax revenues per capita	\$330.13	\$308.77	\$303.69	\$317.91	\$232.91	\$360.59	\$375.07	\$383.50	\$457.38	\$414.23
Indexed to State average (less resort cities)	120.93%	104.31%	105.45%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
General Fund revenues per capita	\$426.00	\$428.00	\$485.00	\$483.03	\$473.93	\$483.80	\$489.22	\$459.17	\$404.57	\$438.96
General Fund expenditures per capita	\$444.00	\$446.00	\$493.00	\$490.52	\$438.36	\$463.25	\$478.71	\$437.92	\$392.21	\$377.74
Capital improvement expenditures per capita	\$72.00	\$101.00	\$394.00	\$391.60	\$112.52	\$95.06	\$31.32	\$121.36	\$59.40	\$70.65

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Population Estimate (1)	15,260	15,335	15,440	15,530	16,203	16,624	16,849	16,877	17,286	17,657
City Hall and Justic 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	62	62	64	64	64	64	65	67	67	67
Number of Street Lights	715	715	725	728	733	741	753	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	18	18	18	19
Municipal Water										
Number of Customers	4,523	4,541	4,589	4,624	4,699	4,758	4,763	4,763	4,826	4,821
Miles of Water Mains	72	72	74	77	78	78	80	81	81	84
Number of Culinary Water Wells	8	8	8	8	8	9	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	3,983	4,024	4,127	4,152	4,196	4,239	4,239	4,286	4,385
Number of recycling customers	n/a	3,272	3,416	3,546	3,582	3,674	3,701	3,771	3,793	3,892
Number of green waste customers	n/a	n/a	905	1,066	1,075	1,118	1,230	1,255	1,248	1,303
Building Permits Issued (new construction, includes remodel)	55	46	98	80	96	74	216	240	122	47
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	8
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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 7, 2018.

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*.

Centerville City Corporation's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying findings, recommendations and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



HintonBurdick, PLLC
St. George, Utah
December 7, 2018

**Independent Auditors' Report on Compliance and
Report on Internal Control over Compliance
as Required by the *State Compliance Audit Guide***

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

Report On Compliance with General State Compliance Requirements

We have audited Centerville City Corporation's (the City) compliance with the applicable state and 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 for the year ended June 30, 2018.

General state compliance requirements were tested for the six months ended June 30, 2018 in the following areas:

Budgetary Compliance	Justice Courts
Restricted Taxes	Utah Retirement Systems
Fund Balance	Treasurer's Bond
Open and Public Meetings Act	Tax Levy Revenue Recognition

Management's Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the state 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 state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement 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 for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

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, 2018.

Other Matters

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

Centerville City Corporation's Response to Findings

Centerville City Corporation's response to the noncompliance findings identified in our audit is described in the accompanying findings, recommendations and responses. Centerville City Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements 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 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 state 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 state 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 state 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.



HintonBurdick, PLLC
St. George, Utah
December 7, 2018





**Findings, Recommendations and Responses
For the Year Ended June 30, 2018**

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, 2018 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:

Material Weaknesses:

None Noted

Significant Deficiencies:

None Noted

COMPLIANCE AND OTHER MATTERS:

Compliance:

2017-002 Open and Public Meeting Act - Reissued

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.

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

Cause: The City did not follow established controls to ensure that the minutes are uploaded within the required time frame.

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.

Recommendation: We recommend that the City follow established 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 non-compliance instance discovered by the auditors occurred during the term of the prior City Recorder. The new City Recorder began her term in January 2018. The City Manager has reviewed this requirement with the new Recorder and notes that she has marked her calendar to comply with the 3-day posting requirement by the Friday following each council meeting, which are held on Tuesdays.

2017-003. Budgetary Compliance – Reissued, Reworded

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.

Condition: During 2018, the City's Recreation Special Revenue Fund, Utopia Fund, and Telecom Fund expenditures exceeded budgeted expenditures by \$2,312, \$180, and \$18,175, respectively.

Cause: The City did not limit expenditures within authorized limits or amend its budget during the year when events arose causing certain funds to exceed their budget.

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


Management's Response:

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 10.6.123. It should be noted, however, that the month of June—the last month in the fiscal year—is the heaviest expenditure month in the Recreation Fund. Therefore, making a budget amendment in June—before the fiscal year ends—would involve some uncertainty. The Telecom Fund is an enterprise fund. Expenditures in the Telecom Fund are unpredictable in that staff cannot predict how many customers will pay off their connection assessments early. Revenue from early pay-offs has to be forwarded to UIA. Those “transfers” are classified as expenditures. However, there is always additional revenue to fully offset the additional expenditures.

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
December 7, 2018