



**CITY OF CENTERVILLE COUNCIL**  
**MEETING/WORK SESSION & CLOSED**  
**EXECUTIVE SESSION - AGENDA**

**Wednesday, April 13, 2011**  
**6:30 p.m. or shortly thereafter**

**OPEN FORUM 6:30 p.m.:** An opportunity for members of the public to address the City Council on items not on the current agenda. Items requiring Council action may be deferred to staff or Boards and Commissions for research and future Council Agendas if appropriate. You will be limited to two (2) minutes and we ask that you conduct yourself in a professional, courteous manner, and refrain from the use of profanity. Failure to abide by this policy may result in the loss of your privilege to speak. Persons wishing to speak will be required to complete a sign-up sheet and give it to the Mayor or a Staff person by 6:15 p.m.

## **COUNCIL MEETING**

### **I. CALL TO ORDER**

- 1. Roll Call**

### **II. PUBLIC HEARING(S)**

### **III. APPROVAL OF AGENDA**

### **IV. APPROVAL OF MINUTES**

- 1. March 23, 2011 City Council Meeting Minutes (Pages 1-5)**

### **V. CONSENT AGENDA**

- 1. City of Centerville March 10, 2011 through April 13, 2011 Claims (Check #26261-26285) (Page 6-7)**
- 2. Centennial Fire District Claims through March 5 through April 1, 2011 (Check #4735-4769) & Check #4728, 4733 & 4734 Voided (Page 8-9)**
- 3. Centennial Lakes Police Department Claims through March 24, 2011 (Check #8308-8336) & Check #8282 VOIDED (Page 10)**
- 4. Ellingson Drainage, Inc. Pay Request #1 – Storm Water Supply Line (Contract A) - \$83,071.80 (Pages 11-13)**
- 5. Res. #11-0XX – Abatement of Special Assessments Certified to PIN #R23-31-22-24-0028 & R23-31-22-24-0039 for 2011 (Delinquent Utilities) Associated w/Issuance of Liquor Licenses for Kelly's Korner (Page 14)**
- 6. P & R Recommendation to Allow the Centennial Soccer Club's Use of the Soccer Fields @ Laurie LaMotte Memorial Park as Per Attached Schedule (Items 1 & 2) – Item 3 Was Not Recommended (Page 15-16)**
- 7. P & R Committee's Recommendation for Staff's Implementation of Selling Concessions @ Laurie LaMotte Memorial Park for the Baseball Season 2011 (Pages 17-19)**
- 8. P & R Committee's Recommendation to Allow Bald Eagle Water Ski Club: (Pages 20-21)**
  - a. Parking of Their Trailer @ Trailside Park During Their Ski Show Season (May-August, 2011) as Per Attached Requirements**
  - b. Installation of a Dock @ Trailside Park as Per Attached Requirements**

## **VI. AWARDS/PRESENTATIONS/APPEARANCES**

1. Mr. Steve McDonald, ABDO, Eick & Meyers – 2010 Annual Audit
2. Mr. Jim VanHoudt, President, Twin Town Homes of Eagle Pass

## **VII. OLD BUSINESS**

1. Downtown Intersections – Concrete Failing – Update From Engineer

## **VIII. NEW BUSINESS**

1. Approval/Acceptance of the 2010 Annual Audit (Pages 22-136)
2. Consideration of Twin Town Home Association of Eagle Pass Request for the City to Share Costs Associated w/Curbstop Failure - \$7,227.17 (Pages 137-139)
3. Centennial Youth Hockey Association Request for Charitable Gambling License to Operate Pull-tabs, Paddlewheel & Bar Bingo Within Kelly's Korner (Pages 140-141)
4. Approval of Connect Anoka County Project Service Agreement – Broadband Services w/Anoka County (Pages 142-174)
5. Staff Recommendation for Replacement of Bolts (Hydrants & Gate Valves) in Advance of Trail Project – Burschville Construction, Not to Exceed \$28,625 (Page 175)
6. Res. #11-0XX – Authorizing the Closing of Fund #312 (Page 176)

## **IX. ANNOUNCEMENTS/UPDATES**

1. City Administrator

## **X. RECESS**

## **WORK SESSION MEETING**

### **I. ITEMS OF DISCUSSION**

1. Budget & Goals

### **II. ADJOURN TO CLOSED EXECUTIVE SESSION (Annual Performance Review of City Administrator, Mr. Dallas Larson)**

### **III. RECESS TO REGULARLY SCHEDULED COUNCIL MEETING**

## **REGULARLY SCHEDULED COUNCIL MEETING**

### **XI. ADJOURNMENT**

#### **\*\*REMINDERS\*\***

- Lions Annual Easter Egg Hunt – April 23, 2011, 11:00 a.m., Laurie LaMotte Memorial Park  
City Council Meeting – April 27, 2011, 6:30 p.m. Council Chambers – Board of Appeals & Equalization Hearing  
Planning & Zoning Commission Meeting – May 3, 2011, 6:30 p.m. Council Chambers  
Parks & Recreation Committee Meeting – May 4, 2011, 6:30 p.m., Council Chambers  
City Council Meeting – May 11, 2011, 6:30 p.m. Council Chambers



CITY OF CENTERVILLE  
CITY COUNCIL MEETING  
March 23, 2011  
6:30 p.m.

Pursuant to due call and notice thereof, the City of Centerville held their regularly scheduled meeting on March 23, 2011, at City Hall, 1880 Main Street.

PRESENT: Acting Mayor Jeff Paar  
Council Member Ben Fehrenbacher  
Council Member D. Love  
Council Member Steve King

ABSENT: Mayor Thomas Wilharber

STAFF: City Administrator Dallas Larson  
City Attorney Kurt Glaser  
City Engineer Mark Statz

**Not Approved**

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I. CALL TO ORDER

Acting Mayor Jeff Paar called the March 23, 2011, City Council meeting to order at 6:35 p.m.

II. PUBLIC HEARING(S)

None.

III. APPROVAL OF AGENDA

Council was presented with a set agenda which contained additional checks (#26244-26260 w/Check #26249 Voided) issued since the packet was completed on March 18, 2011. Request was made to add Item #4 – Approval of Local #49 Contract under New Business.

Motion by Council Member Fehrenbacher, seconded by Council Member Love to Approve the Set Agenda as Presented. All in favor. Motion carried unanimously.

IV. APPROVAL OF MINUTES

1. March 9, 2011 City Council Meeting Minutes

Acting Mayor Paar questioned whether there were additions or modifications.

Motion by Council Member Love, seconded by Council Member Fehrenbacher to approve the March 9, 2011 City Council Meeting Minutes. All in favor. Motion carried unanimously.

V. CONSENT AGENDA

1. City of Centerville March 9, 2011 through March 18, 2011 Claims (Check #26213-26243) & (Check #26244-26260 w/Check #26249 Voided)
2. Centennial Fire District Claims through March 4, 2011 (Check #4721-4732)

3. Centennial Lakes Police Department Claims through March 10, 2011 (Check #8278-8307) & Voided Check #/8278
4. Acceptance of Ms. Jenny Dosch's Resignation from EDA

Motion by Council Member Fehrenbacher, seconded by Council Member Love to approve the Consent Agenda as presented. All in favor. Motion carried unanimously.

## VI. AWARDS/PRESENTATIONS/APPEARANCES

### 1. Ms. Kate McPherson, Anoka County, Joint Law Enforcement Council

Several individuals from Anoka County (County Attorney, Tony Palumbo; County Attorney's Head of Operations, Ms. Kate McPherson; Sheriff's Department, Deputy Chief Tom Wells; and Commissioner Rhonda Sivarajah) were present to discuss the 40 year history of the Joint Law Enforcement Council and their goal of replacing an outdated public safety database. A short video was presented explaining the importance of speed, accuracy, sharing capabilities, archiving and necessity of upgrading the current 12 year old system with all County agencies (Fire, Police, Dispatch/911, Sheriff's Department and Jails). Commissioner Sivarajah explained funding efforts relating to legislative modifications that would allow for public safety bonding similar to the bonding for the 800 megahertz system. Commissioner Sivarajah stated that all municipalities within Anoka County (21) would cost share an anticipated 3 ½-5 ½ million dollar project by a direct levy made by Anoka County. It is anticipated that a home valued at \$200,000 would be charged approximately \$3 - \$4.00 annually. Commissioner Sivarajah reported that the 800 megahertz system is costing the same home approximately \$7.00 annually and that bond will sunset in 2012 .

Council Members desired to be assured that by committing to the resolution they are not committing to costs above and beyond that were brought forward this evening. Commission Sivarajah stated that the resolution only showed support for the legislative action that would be necessary for funding. Ms. Sivarajah reported that both the cities of Ramsey and Circle Pines have supported the effort.

Motion by Council Member Love, seconded by Council Member Fehrenbacher to adopt Res. #11-006– Supporting the Anoka County Joint Law Enforcement Council as presented. All in favor. Motion carried unanimously.

### 2. Mr. George Eilertson, Northland Securities

Mr. Eilertson discussed with Council the presented resolution for Council's consideration and the City's bond rating from Standard & Poors of AA. Mr. Eilertson explained the factors that are taken into consideration for the rating system. Mr. Eilertson reminded Council that this new bond would be combining two previous bonds and allowing the City to take advantage of the lower interest rates and cost savings for paying agent fees on one bond. Mr. Eilertson stated that Northland Securities had received a total of six (6) bids from underwriting firms and United Bankers Bank was the most favorable with an interest rate of 1.86%. Mr. Eilertson explained that due to timing of the transaction, the dollar amount would need to be increased to \$2,760,000 an additional \$5,000 allowing for interest from April 1 to April 14, 2011.

Motion by Council Member Fehrenbacher, seconded by Council Member Love to adopt Res. #11-0XX – Accepting proposal on the Sale of \$2,760,000 General Obligation Improvement Refunding



Bonds, Series 2011A, Providing for Their Issuance and Pledging for the Security Thereof Certain Revenues as presented. All in favor. Motion carried unanimously.

## VII. OLD BUSINESS

1. Planning & Zoning Commission
  - a. Adopting Findings Relating to Amending Chapter 156 (Section 156.025)

City Administrator Larson stated that with presumptions/goals made during the construction of the 2030 Comprehensive Plan, several components were conflicting and that slight modifications or additions of zoning districts would need to be made for integrity of the plan. Administrator Larson explained that a public hearing was already completed and Planning & Zoning is looking for Council's approval on the zoning items before them to proceed with a rezoning hearing tentatively scheduled for May.

Administrator Larson stated that similar presumptions were made regarding currently zoned industrial properties and modifying them to the commercial district with interim uses instead of becoming non-conforming with no avenues to enlarge structures. It was felt that this would allow an existing business to maintain its property value, remain a viable business, growth/expansion opportunities while allowing latitude for alternative uses of the property in the future.

Council Member Love stated that affected property owners have discussed this proposed modification and all were supportive and look at it as though it would compliment their current business or prospective businesses for their property.

Acting Mayor Paar reminded Council Members and residents that High Density can mean High Quality. Acting Mayor Paar also stated that Council needs to attract businesses to Centerville and retain existing businesses.

Council Member King presented Council with Sustainable Development information, requested that Council review it and that it become a part of the official record.

Motion by Council Member Love, seconded by Council Member Fehrenbacher to adopt the Planning & Zoning Commission Findings Relating to Amending Chapter 156 (Section 156.025) as presented. All in favor. King Opposed. Motion carried.

- b. Adoption Ord. #44, Second Series – Amending Chapter 156 (Section 156.025) – Addition of R-3 District

Motion by Council Member Fehrenbacher, seconded by Council Member Love to adopt Ord. #44, Second Series – Amending Chapter 156 (Section 156.025 – Addition of R-3 District) as presented. All in favor. Motion carried unanimously.

- c. Adopting Findings Relating to Amending Chapter 156 (Section 156.030 – Addition of Interim Uses in B-1 District)

Motion by Council Member Love, seconded by Council Member Fehrenbacher to adopt the Planning & Zoning Commission Findings Relating to Amending Chapter 156 (Section 156.030 – Addition of Interim Uses in B-1 District) as presented. All in favor. Motion carried unanimously.

- d. Adopting Ord. #45, Second Series – Amending Chapter 156 (Section 156.030 - Addition of Interim Uses in B-1 District)

Motion by Council Member Fehrenbacher, seconded by Council Member Love to adopt Ord. #45, Second Series – Amending Chapter 156 (Section 156.030 – Addition of Interim Uses in B-1 District) as presented. All in favor. Motion carried unanimously.

#### Bonestroo 2010 Performance Review

Mr. Lee Mann, Government Division Leader, Bonestroo Engineering, was present and stated that his firm serves several municipalities and that the City of Centerville has given them great projects and great experiences both the firm and Mr. Mark Statz. Mr. Mann stated that he has met with both Dallas and Mark regarding the items stated on the annual review form and greatly appreciates the feedback.

Acting Mayor Paar stated that Council would be taking a five (5) minute recess prior to discussing the water meter reading system item; 7:52 p.m.

Acting Mayor Paar reconvened the meeting at 7:59 p.m.

#### Water Meter Reading System

City Administrator Larson apologized for not being at the previous meeting to discuss the Planning & Zoning items and this item. Administrator Larson reviewed the presented information regarding this item.

Council was very concerned with funding of the proposed project and budget implications.

Mr. Larson reassured them that the proposed project would not affect the budget. The majority of the funding for the recommended work are monies already taken in and from balances in the Water Fund. The Council expressed interest in continuing the project to include all water meters over the next couple of years.

Motion by Council Member Fehrenbacher, seconded by Council Member King to Implement Staff's Recommendation for the Purchase of a Replacement Hand-Held Reader and installing Radio Read Meters for Areas Designated (Hunters Crossing, Pheasant Marsh & Peltier Lake Drive) – Not to Exceed \$35,000 as presented. All in favor. Motion carried unanimously.

### VIII. NEW BUSINESS

1. Res. #11-006 – Supporting the Anoka County Joint Law Enforcement Council

Previously discussed and adopted.

2. Res. #11-007 – Accepting Proposal on Sale of \$2,760,000 G.O. Improvement Refunding Bonds, 2011A

Previously discussed and adopted.

3. Bonestroo 2010 Performance Review

Previously discussed.

4. Approval of Local #49 Union Contract adding 16 hours of carry over to PTO at end of year for what is currently allowed. Dallas Recommends sign contract with them.

Administrator Larson reported that Union discussions occurred and an acceptable agreement was negotiated for a one year contact that would include additions of an additional 16 hours of carryover PTO hours allowable annually for a total of 208 hours and a Memorandum of Understanding pertaining to Commercial Driver's Licenses (CDLs) as outlined in the presented information. Larson recommended that the Council approve the contract proposal.

Motion by Acting Mayor Paar, seconded by Council Member Love to Approve the Local #49 Union Contract with the Modifications as follows: Extend the Current Contract for One Year, Employees are Allowed to Carry Over a Total of 208 Hours of PTO Time, (Increase of 16 Hours), and Renew the CDL MOU for 2011 as presented. All in favor. Motion carried unanimously.

IX. ANNOUNCEMENTS/UPDATES

1. City Administrator Larson

Larson - None; Council Members Love – None; Fehrenbacher – New Police Chief is due to be sworn in tomorrow; King – A proposed County agreement for broadband services has been forwarded to all municipalities' City Attorneys for their review and input and Acting Mayor Paar reported that Fete des Lacs is schedule for July 29-31, 2011 with the parade theme being Solid Gold 60', 70's & 80's. The Centerville Lions, Parks & Recreation Committee and the Parade Committee are all looking for volunteers. The Parade Committee is currently accepting registrations and completed forms may be turned into City Hall. The fireworks will be on the 29<sup>th</sup> with a rain delay date of 30<sup>th</sup>.

X. ADJOURNMENT

Motion by Acting Mayor Paar, seconded by Council Member Love to Adjourn the meeting of March 23, 2011 at 8:40 p.m.. All in favor. Motion carried unanimously.

Acting Mayor Paar adjourned the regularly schedule meeting of March 23, 2011 at 8:40 p.m.

Transcribed by staff

## Check Detail - April 13, 2011

Check Date	Check #	Vender Name	Comments	Amount	
3/31/2011	000137E	PERA	PERA - PAY PERIOD 7	\$3,272.50	
3/31/2011	000138E	IRS/EFTPS	SS & MED PAYROLL TAXES - PAY PERIOD 7	\$3,244.97	
3/31/2011	000138E	IRS/EFTPS	FED PAYROLL TAXES - PAY PERIOD 7	\$2,944.80	
				Check Total	\$6,189.77
3/31/2011	000139E	MINNESOTA DEPT OF REVENUE	STATE PAYROLL TAXES - PAY PERIOD 7	\$1,171.89	
3/31/2011	026261	ISS	SYSTEM MONITORING - ALARM SYSTEM	\$111.04	
3/31/2011	026262	QWEST	651-429-4750 - PHONE SERV THRU 4-15-11	\$101.23	
3/31/2011	026262	QWEST	651-429-3232 - PHONE SERV THRU 4-16-11	\$243.89	
				Check Total	\$345.12
3/31/2011	026263	STANDARD & POORS FINANCIAL SER	RATING AGENCY FEE FOR GENERAL OBLIG. IMPRV.	\$7,900.00	
4/13/2011	026264	ABDO, EICK & MEYER, LLP	CERTIFIED AUDIT SERVICE FOR YEAR ENDED 12-31-2010	\$5,000.00	
4/13/2011	026264	ABDO, EICK & MEYER, LLP	CERTIFIED AUDIT SERVICE FOR YEAR ENDED 12-31-2010	\$5,000.00	
				Check Total	\$10,000.00
4/13/2011	026265	ANOKA COUNTY PROPERTY RECORDS	2010 PROPERTY TAXES - 14-31-22-43-0059 - TRACIE	\$31.99	
4/13/2011	026265	ANOKA COUNTY PROPERTY RECORDS	2010 PROPERTY TAXES - 22 31 22 41 0047 - HIDDEN SPRINGS	\$33.06	
4/13/2011	026265	ANOKA COUNTY PROPERTY RECORDS	2010 PROPERTY TAX - 24-31-22-33-0002 - 2085 W CEDAR ST	\$233.68	
4/13/2011	026265	ANOKA COUNTY PROPERTY RECORDS	2010 PROPERTY TAXES - 23 31 22 13 0015 - CITY HALL	\$233.68	
				Check Total	\$532.41
4/13/2011	026266	BLAINE BROTHERS, INC.	SERVICE CALL - 2001 STERLING - REPLACE/REPAIR TIRES	\$1,204.79	
4/13/2011	026267	BONESTROO, ROSENE, ANDERLIK	GENERAL - SERV THRU 3-29-11	\$140.80	
4/13/2011	026267	BONESTROO, ROSENE, ANDERLIK	TE GRANT TRAIL - SERV THRU 3-29-11	\$770.00	
4/13/2011	026267	BONESTROO, ROSENE, ANDERLIK	DT STORM WATER RECLAMATION PHASE I - SERV THRU 3-	\$2,220.00	
4/13/2011	026267	BONESTROO, ROSENE, ANDERLIK	PELTIER LAKE DR AERA ST 7 UT IMP (2009.001) - SERV	\$1,847.40	
4/13/2011	026267	BONESTROO, ROSENE, ANDERLIK	2009 STR IMPR (2009.02) - SERV THRU 3-29-11	\$1,512.00	
				Check Total	\$6,490.20
4/13/2011	026268	BURMEISTER, GREG	REIMBURSE TRAVEL EXP FOR CONCRETE FIELD TEST	\$307.96	
4/13/2011	026269	CENTENNIAL LAKES POLICE DEPT	POLICE SERVICES - APRIL 2011	\$54,801.83	
4/13/2011	026270	CENTERPOINT ENERGY	1880 MAIN ST - SERV THRU 3-22-11	\$528.25	
4/13/2011	026270	CENTERPOINT ENERGY	2085 W CEDAR ST - SERV THRU 3-22-11	\$684.45	
4/13/2011	026270	CENTERPOINT ENERGY	1785 PELTIER LAKE DR - SERV THRU 3-22-11	\$14.61	
4/13/2011	026270	CENTERPOINT ENERGY	7087 20TH AVE S - SERV THRU 3-22-11	\$12.86	
4/13/2011	026270	CENTERPOINT ENERGY	6970 LAMOTTE DR - SERV THRU 3-22-11	\$78.07	
				Check Total	\$1,318.24
4/13/2011	026271	CHASE, RICHARD	REIMBURSE TRAVEL EXP FOR CONCRETE FIELD TEST	\$457.76	
4/13/2011	026272	CITY OF CIRCLE PINES	APRIL 2011 POLICE BLDG PYMT	\$4,083.33	
4/13/2011	026272	CITY OF CIRCLE PINES	APRIL 2011 POLICE BLDG PYMT	\$2,075.57	
				Check Total	\$6,158.90
4/13/2011	026273	CONNEXUS ENERGY	7100-20TH AVE N - TRAFSG - SERV THRU 3-22-11	\$37.54	
4/13/2011	026273	CONNEXUS ENERGY	6900 - 20TH AVE - LIFT STAT - SERV THRU 3-16-11	\$63.96	
4/13/2011	026273	CONNEXUS ENERGY	STREET LIGHTS - 395653-219699 - SERV THRU 3-29-11	\$109.82	
4/13/2011	026273	CONNEXUS ENERGY	STREET LIGHTS - 395653-219678 - SERV THRU 3-29-11	\$109.75	
4/13/2011	026273	CONNEXUS ENERGY	6800-20TH RADIO FOR SCADA - SERV THRU 3-22-11	\$14.51	
4/13/2011	026273	CONNEXUS ENERGY	6800-20TH RADIO FOR SCADA - SERV THRU 3-22-11	\$14.51	
4/13/2011	026273	CONNEXUS ENERGY	2085 CEDAR ST - SERV THRU 3-16-11	\$341.92	
4/13/2011	026273	CONNEXUS ENERGY	7087 -20TH AVE N - SERV THRU 3-16-11	\$117.20	
				Check Total	\$809.21
4/13/2011	026274	DAVE KICHLER INSPECTIONS, INC.	ELECTRICAL INSPECTIONS	\$1,898.40	
4/13/2011	026275	ELLINGSON DRAINAGE, INC.	STORM WATER SUPPLY LINE - REQUEST #1	\$83,071.80	

## Check Detail - April 13, 2011

Check Date	Check #	Vender Name	Comments	Amount
4/13/2011	026276	KEY AUTOMOTIVE SERVICE CENTER	SUPPLIES/ BATTERY	\$168.15
4/13/2011	026277	LARSON, DALLAS	USB TO SERIAL CONVERTER CABLE REIMBURSEMENT	\$17.33
4/13/2011	026278	MARATHON ASHLAND	FUEL - P.W	\$267.03
4/13/2011	026279	MENARDS - FOREST LAKE	SUPPLIES	\$85.15
4/13/2011	026280	PC SOLUTIONS, INC.	3 YR TREND MICRO ANTI VIRUS SUPPORT	\$389.88
4/13/2011	026280	PC SOLUTIONS, INC.	3 YR TREND MICRO ANTI VIRUS SUPPORT	\$194.94
4/13/2011	026280	PC SOLUTIONS, INC.	3 YR TREND MICRO ANTI VIRUS SUPPORT	\$194.94
Check Total				\$779.76
4/13/2011	026281	PETERSON, TEDD	BOOT ALLOWANCE - REIMBURSEMENT	\$129.95
4/13/2011	026282	PRESS PUBLICATIONS	INFO ON ASSESSMENT & CLASSIFICATION OF PROPERTY	\$74.40
4/13/2011	026283	SAM'S CLUB	OFFICE SUPPLIES	\$59.73
4/13/2011	026283	SAM'S CLUB	OFFICE SUPPLIES	\$90.01
Check Total				\$149.74
4/13/2011	026284	US BANK CORPORATE TRUST SVCS	GEN. OBLIG. IMPRO BOND SERIES 2004B	\$11,168.75
4/13/2011	026284	US BANK CORPORATE TRUST SVCS	GEN. OBLIG. IMPRO BOND SERIES 2004B	\$1,085,000.00
Check Total				\$1,096,168.75
4/13/2011	026285	WASTE MANAGEMENT	7084 CENTERVILLE RD - DELINQUENT 2010 GARBAGE	\$161.62
Total Checks				\$1,284,043.70

NOTE: THERE WILL BE AN UPDATED LIST OF DISBURSEMENTS FOR APPROVAL ON 4-13-2011.

## Report Criteria:

Report type: Summary

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount
03/11	03/31/2011	4728	80300	HEIMAN INC	GLASS MASTER	538.81- V
03/11	03/25/2011	4749	31137	CONNEXUS ENERGY	ELECTRIC	419.23
03/11	03/25/2011	4750	170180	QWEST	PHONE EXPENSE	55.92
03/11	03/25/2011	4751	220200	VERIZON WIRELESS	CELL PHONES	235.86
03/11	03/25/2011	4752	240100	XCEL ENERGY	ELECTRIC STATION 2	508.47
04/11	04/01/2011	4753	10290	ALEX AIR APPARATUS, INC	10 FIREFIGHTER TURNOUT GE	13,420.00
04/11	04/01/2011	4754	11565	ASPEN MILLS	UNIFORMS	42.50
04/11	04/01/2011	4755	20370	BOUND TREE MEDICAL LLC	MEDICAL SUPPLIES, TRAUMA	1,129.98
04/11	04/01/2011	4756	30040	CDW GOVERNMENT, INC	TWO COMPUTERS	1,662.10
04/11	04/01/2011	4757	31008	COMCAST	INTERNET STATION 1	94.00
04/11	04/01/2011	4758	40200	DIVERSIFIED TEXTURING &	ENGRAVED LABELS	374.00
04/11	04/01/2011	4759	50120	EMERGENCY APPARATUS MAI	ENGINE 31 MTC	1,886.40
04/11	04/01/2011	4760	50121	EMERGENCY AUTOMOTIVE TEVEHICLE	MTC	28.68
04/11	04/01/2011	4761	60115	FAIRVIEW PHARMACY	MEDICAL SUPPLIES	217.36
04/11	04/01/2011	4762	70578	GRAINGER	BATTERIES	233.91
04/11	04/01/2011	4763	130710	MN CHAPTER IAAI	FIRE INVESTIGATION CONFER	775.00
04/11	04/01/2011	4764	180610	ROSS INDUSTRIES, INC	FIRE PREVENTION MATERIALS	605.73
04/11	04/01/2011	4765	190350	SENTRY SYSTEMS, INC	2ND QTR MONITORING SERV S	95.39
04/11	04/01/2011	4766	200210	TITAN ENERGY SYSTEMS	STATION 1 GENERATOR REPAI	2,374.79
04/11	04/01/2011	4767	220200	VERIZON WIRELESS	WIRELESS CARDS	52.04
04/11	04/01/2011	4768	220250	VIKING TROPHIES, INC	PLAQUES	281.35
04/11	04/01/2011	4769	220300	VOL. FIREFIGHTERS BENEFIT	INS BENEFITS	287.00
03/11	03/31/2011	2011003	210300	US BANK	IFAC TRAINING-DIRECT PAY	1,839.64
Grand Totals:						26,080.54

M = Manual Check, V = Void Check

## Report Criteria:

Report type: Summary

GL Period	Check Issue Date	Check Number	Vendor Number	Payee	Description	Check Amount	
03/11	03/08/2011	4735	130740	MN IASIU	INTERVIEW TRAINING DB	75.00	M
03/11	03/18/2011	4736	10750	ANOKA CO CENTRAL COMMUN	2011 ANNUAL USER FEE 800 M	528.00	
03/11	03/18/2011	4737	30480	CENTENNIAL UTILITIES	STATION 1 UTILITIES	605.46	
03/11	03/18/2011	4738	31008	COMCAST	INTERNET CENTERVILLE STATI	94.00	
03/11	03/18/2011	4739	40040	DEEP ROCK WATER COMPANY	BOTTLED WATER	18.81	
03/11	03/18/2011	4740	70578	GRAINGER	DISPOSABLE SHOE COVERS	139.53	
03/11	03/18/2011	4741	120331	LEAGUE OF MN CITIES INS TR	WORKERS COMP INS 2/11-2/12	30,750.00	
03/11	03/18/2011	4742	120450	CITY OF LINO LAKES	FEB REIMBURSEMENTS	20,668.64	
03/11	03/18/2011	4743	120490	LOFFLER COMPANIES, INC	COPIER MTC CONTRACT	166.69	
03/11	03/18/2011	4744	160050	PAETEC	PHONES STATION 2	148.42	
03/11	03/18/2011	4745	160130	PERFORMANCE PLUS	RECRUIT PHYSICALS	3,410.00	
03/11	03/18/2011	4746	161605	INVENTORY TRADING CO., INC	UNIFORMS	100.00	
03/11	03/18/2011	4747	180600	CITY OF ROSEVILLE	JT POWERS MIS	655.58	
03/11	03/18/2011	4748	190875	SYSTEMS FURNITURE, INC	TABLES & CHAIRS	7,425.68	
Grand Totals:						64,785.81	

Check #4733 &amp; 4734 Payroll

M = Manual Check, V = Void Check

Report Criteria:  
 Report type: Summary

GL Period	Check Issue Date	Ck No	Payee	Description	Check Amount
03/11	03/11/2011	8282	BLAUER TACTICAL SYSTEMS INC	TRAINING ALDRICH/ARNTZEN	1,398.00- V
03/11	03/11/2011	8308	BLAUER TACTICAL SYSTEMS INC	TRAINING ALDRICH/ARNTZEN	798.00
03/11	03/18/2011	8309	MN CHIEFS OF POLICE ASSOC	MN CHIEFS TRAINING	40.00
03/11	03/24/2011	8310	AVCAM	SEMINAR M GIESE	25.00
03/11	03/24/2011	8311	AMSAN , INC	CLEANING SUPPLIES/LINERS/VAC BA	113.61
03/11	03/24/2011	8312	ANOKA COUNTY ATTORNEY	FORFEITURE PROCEEDS 1999 OLDS	51.75
03/11	03/24/2011	8313	SCOTT ARNTZEN	USE OF FORCE EQUIP CONTACTS	242.25
03/11	03/24/2011	8314	ASPEN MILLS	UNIFORMS	99.76
03/11	03/24/2011	8315	AWARDS BY HAMMOND, INC	NEW CHIEF NAME PLATE	19.00
03/11	03/24/2011	8316	CENTENNIAL UTILITIES	FEB UTILITIES	692.71
03/11	03/24/2011	8317	CENTURY FENCE CO, INC	GATE TRANSMITTERS	187.03
03/11	03/24/2011	8318	CONNEXUS ENERGY	FEB ELECTRIC	2,390.78
03/11	03/24/2011	8319	DAKOTA COUNTY RECEIVING CENTE	DETOX TRANSPORT	67.00
03/11	03/24/2011	8320	DELL MARKETING L.P.	REPLACEMENT LAMP PANASONIC P	366.36
03/11	03/24/2011	8321	GARY L FISCHLER & ASSOCIATES, P	PHASE 2 EVALUATION	299.00
03/11	03/24/2011	8322	GRAFIX SHOPPE, INC	NEW VEHICLE SETUP GRAPHICS	79.46
03/11	03/24/2011	8323	HEALTH PARTNERS	APRIL HEALTH INS	8,968.80
03/11	03/24/2011	8324	HOLIDAY FLEET	FUEL	4,128.66
03/11	03/24/2011	8325	KNOWLAN'S SUPER MARKETS	MEETING SUPPLIES	20.72
03/11	03/24/2011	8326	CITY OF LEXINGTON	SUNFIRE FORFEITURE PROCEEDS	510.00
03/11	03/24/2011	8327	MACA	SPRING CONF	100.00
03/11	03/24/2011	8328	NEXTEL COMMUNICATIONS	CELL PHONES	278.85
03/11	03/24/2011	8329	PETERSON COMPANIES, INC	MARCH SNOW MTC	949.17
03/11	03/24/2011	8330	PITNEY BOWES, INC	POSTAGE METER RENTAL	73.77
03/11	03/24/2011	8331	POST BOARD	PEACE LIC RENEWAL 4 OFFICERS	360.00
03/11	03/24/2011	8332	QUILL CORPORATION	TONER/INK/MISC	240.15
03/11	03/24/2011	8333	TELECIDE PRODUCTIONS, INC	COMPUTER SUPPORT	300.00
03/11	03/24/2011	8334	TOUSLEY FORD	2011 FORD TAURUS	25,969.56
03/11	03/24/2011	8335	U S BANK	QUARTERLY HSA PMT	13,312.50
03/11	03/24/2011	8336	WALLEN-FRIEDMAN & FLOYD, P.A.	FEB LEGAL FEES	225.00
Grand Totals:					<u>59,510.89</u>

M = Manual Check, V = Void Check





Owner: City of Centerville, 1880 Main St., Centerville, MN 55038	Date: March 17, 2011
For Period: 3/1/2011 to 3/17/2011	Request No: 1
Contractor: Ellingson Drainage, Inc., 56113 State Hwy. 56, P. O. Box 68, West Concord, MN 55985	

**CONTRACTOR'S REQUEST FOR PAYMENT**  
**STORM WATER SUPPLY LINE (CONTRACT A)**  
 BONESTROO FILE NO. 000616-08167-1

**SUMMARY**

1	Original Contract Amount		\$	<u>124,721.65</u>
2	Change Order - Addition	\$	<u>0.00</u>	
3	Change Order - Deduction	\$	<u>0.00</u>	
4	Revised Contract Amount		\$	<u>124,721.65</u>
5	Value Completed to Date		\$	<u>87,444.00</u>
6	Material on Hand		\$	<u>0.00</u>
7	Amount Earned		\$	<u>87,444.00</u>
8	Less Retainage 5%		\$	<u>4,372.20</u>
9	Subtotal		\$	<u>83,071.80</u>
10	Less Amount Paid Previously		\$	<u>0.00</u>
11	Liquidated damages -		\$	<u>0.00</u>
12	AMOUNT DUE THIS REQUEST FOR PAYMENT NO.	<u>1</u>	\$	<u><u>83,071.80</u></u>

Recommended for Approval by:  
**BONESTROO**

Approved by Contractor:  
**ELLINGSON DRAINAGE, INC.**

*[Signature]*

Approved by Owner:  
**CITY OF CENTERVILLE**

*[Signature]*

Specified Contract Completion Date:

\_\_\_\_\_

Date:

3/31/11

No.	Item	Unit	Contract Quantity	Unit Price	Current Quantity	Quantity to Date	Amount to Date
BASE BID:							
1	MOBILIZATION	LS	1	6000.00	1	1	\$6,000.00
2	SAND BAG BARRIER	SY	110	37.50			\$0.00
3	TEMPORARY ROCK CONSTRUCTION ENTRANCE	EA	1	1600.00			\$0.00
4	INLET SCREEN	EA	1	12450.00	0.5	0.5	\$6,225.00
5	14" HDPE or 12" PVC STORM SEWER - DIRECTIONAL DRILLED	LF	943	66.50	936	936	\$62,244.00
6	POND EXCAVATION (EV)	CY	161	15.00	161	161	\$2,415.00
7	GEOTEXTILE FABRIC, TYPE IV	SY	185	4.00	185	185	\$740.00
8	CLASS II RANDOM RIPRAP	CY	62	95.00	56	56	\$5,320.00
9	CONNECT STORM PIPE TO STEEL CASING	EA	1	16500.00			\$0.00
10	COMMON BORROW (CV)	CY	935	10.00	450	450	\$4,500.00
11	WOOD FIBER BLANKET, MODERATE VELOCITY	SY	1000	2.00			\$0.00
12	MNDOT SEED MIX 270	LBS	40	6.80			\$0.00
13	MNDOT SEED MIX 310	LBS	13	21.15			\$0.00
14	FERTILIZER	LB	60	0.67			\$0.00
15	MULCH MATERIAL, TYPE 1	TN	1	355.00			\$0.00
	TOTAL BASE BID:						<u>\$87,444.00</u>

TOTAL BASE BID:

TOTAL WORK COMPLETED TO DATE

\$87,444.00  
\$87,444.00

PROJECT PAYMENT STATUS

OWNER CITY OF CENTERVILLE  
 BONESTROO FILE NO. 000616-08167-1  
 CONTRACTOR ELLINGSON DRAINAGE, INC.

CHANGE ORDERS

No.	Date	Description	Amount
Total Change Orders			

PAYMENT SUMMARY

No.	From	To	Payment	Retainage	Completed
1	03/01/2011	03/17/11	83,071.80	4,372.20	87,444.00

Material on Hand

Total Payment to Date		\$83,071.80	Original Contract	\$124,721.65
Retainage Pay No.	1	4,372.20	Change Orders	
Total Amount Earned		\$87,444.00	Revised Contract	\$124,721.65



1880 Main Street, Centerville, MN 55038  
651-429-3232 or Fax 651-429-8629

STATE OF MINNESOTA  
COUNTY OF ANOKA  
CITY OF CENTERVILLE

RESOLUTION #11-0\_\_\_\_\_

A RESOLUTION AUTHORIZING THE ABATEMENT OF SPECIAL  
ASSESSMENTS CERTIFIED TO ANOKA COUNTY FOR PID #R23-31-22-24-  
0028 & R23-31-22-24-0030 FOR THE YEAR 2011 – DELINQUENT UTILITIES

WHEREAS, the Centerville City Council authorized the issuance of liquor licenses for Kelly's Korner subject to certain requirements including, but not limited to, paying all delinquent utilities and property taxes by March 31, 2011; and

WHEREAS, the new owners, S & B Center Corp, LLC paid said certified delinquent utilities prior to the property tax due date to the City with full knowledge that the City would be abating the certified delinquent amounts as follows: PIN #R23-31-22-24-0028 - \$781.31 and PIN #R23-31-22-24-0030 - \$406.56 on March 29, 2011; and

WHEREAS, Anoka County Property Tax Division will remove the above stated certified amounts for the tax year 2011 and re-issue tax statements accordingly; and

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF CENTERVILLE, MINNESOTA the Council directs the City Clerk or Finance Director to make the above stated request of Anoka County Property Tax Division.

\_\_\_\_\_  
Thomas Wilharber, Mayor

Attest: \_\_\_\_\_  
Teresa Bender, City Clerk

# MEMO

**TO:** Honorable Mayor & City Council Members

**FROM:** Kim Stephan

**DATE:** April 7, 2011

**SUBJECT:** Centennial Soccer Club's Request to Use Soccer Fields at Laurie LaMotte Memorial Park for the 2011 Soccer Season

**From the April 6, 2011 Parks & Recreation Committee Meeting Minutes:**

The Centennial Soccer Club requested the use of the soccer fields at Laurie LaMotte Memorial Park for the 2011 soccer season in a letter dated April 6, 2011 with the following three parts to the request:

1. Requesting two fields, 25 x 40 yard open spaces, located east of the parking lot and bound by the bike path, for the U2 – U8 age group, for games only. This request is for Monday – Friday from 4 p.m. to dusk, April 28 through July 4, 2011. The Centennial Soccer Club will set up goals and manage a reservation system to assign teams to specific dates and times for games.
2. Requesting one field, 70 x 60 yard open space, located south of the skate park, for the U11 – U12 age group, for practice only. This request is for Monday – Friday 3:00 p.m. to dusk, Saturday and Sunday from 8 a.m. to dusk, April 1 through October 29, 2011. The Centennial Soccer Club will set up goals and manage a reservation system to assign teams to specific dates and times for practices.
3. We would like to place a small storage locker along the northern boundary of the park. This would be north of the small fields next to the trees and would hold only soccer field barriers. We will provide a lock for the storage locker as well as a temporary anchor system for the storage locker.

In past years the committee has approved the Centennial Soccer Club's request for dedicated use of the soccer fields at Laurie LaMotte Memorial Park as stated above in request #1, but recommended amending the request in #2 to the following days: Monday, Wednesday, Friday and Sunday with the hours as requested. The thought behind limiting the days for dedicated use by Centennial Soccer Club in the past were to keep some of the time open in case other organizations asked for dedicated time. In the past 4 years there have been no other requests and there are other open spaces available at the park. The committee opted to approve request #2 as is also.

Vice-Chairperson Grahek has been involved in soccer for quite a few years with his children and was unaware of any storage lockers on any other fields for soccer equipment; he was under the impression coaches always brought the equipment with them. Vice-Chairperson Grahek felt unless the Centennial Soccer Club could show the necessity of having a locker in the park he did not want to set precedent by

having sports organizations having their own lockers or sheds on park property. The rest of the committee agreed, but did ask Ms. Stephan to ask the club why they felt it necessary. Also, the proposed location would not work as that is near where the trail is being constructed. Committee Member Seeley questioned why Centennial Soccer Club has not been involved or requested to participate in any of the improvements at Laurie LaMotte Memorial Park, specifically projects which benefit the soccer fields. Centennial Little League has purchased equipment for grooming the fields, they contributed to the cost of the improvements to the fields in 2010/2011 and they always clean the park for Earth Day. Committee Member Seeley would like to see Centennial Soccer Club get involved somehow.

Motion was made by Chairperson Branch, seconded by Committee Member Peterson to approve Centennial Soccer Club's request for use of the soccer fields at Laurie LaMotte Memorial Park as stated in items #1 and #2, but not recommend item #3 - requesting a storage locker on park property, pending further information from the Centennial Soccer Club as to why it is needed. Ayes - 5, Nays - 2 (Seeley, Amundsen). Motion Carried.

# MEMO

**TO:** Honorable Mayor & City Council Members  
**FROM:** Kim Stephan  
**DATE:** April 7, 2011  
**SUBJECT:** Concession Stand Laurie LaMotte Memorial Park

**From the April 6, 2011 Parks & Recreation Committee Meeting Minutes:**

Mr. Dallas Larson and Mr. Paul Palzer updated the committee on the progress of attempting to sell concessions at Laurie LaMotte Memorial Park during the Centennial Little League season. Mr. Mike Jeziorski provided the committee with the attached memo. Mr. Larson reported it will not be economically feasible to renovate the warming house for this purpose, but another option would possibly be to sell concessions from the Centerville Lion's concession trailer. The Anoka County Health Department typically issues permits to this type of trailer on a temporary basis only, but feels there is potential for the City to be licensed for this particular purpose for the summer. The Centerville Lions need to meet to discuss this item, but the general consensus at this time is favorable. The Lions would receive 25% of the profits in exchange for the use of the trailer. The City would provide the Lions with proof of insurance and potentially connect the trailer to the warming house sewer and electric.

The committee questioned whether the warming house would then be able to be used for storage of product and whether a refrigerator would still be required. Part of the business plan would be to purchase product from a Coke Distributor who would then supply the cooler at no charge. Committee Member Grahek suggested contacting a Pepsi Distributor also to compare prices. Committee Member Amundsen suggested having a big bin or fenced area like other non-profit organizations do for recycled cans as a potential fund raiser.

**Motion was made by Chairperson Branch, seconded by Vice-Chairperson Grahek, to recommend to City Council that City Staff proceed with the business plan being formulated to work with the Centerville Lions to use their concession trailer to sell concessions at Laurie LaMotte Memorial Park for the 2011 Centennial Little League season. All in favor. Motion carried unanimously.**

## Concession Stand Laurie LaMotte Memorial Park – as of 3/31/11

### Overview

City of Centerville staff has been working on a feasibility analysis for offering concessions at Laurie LaMotte Memorial Park during the little league baseball season. The analysis started with evaluating the Laurie LaMotte Memorial Park warming house site to see if it was suitable for such an operation. Staff also identified potential products for sale, distributors, # of employees, hours of operation, money safe guarding techniques, and the number of potential customers.

### Potential Location – Laurie LaMotte Memorial Park (Warming House)

In an effort to determine the suitability of the Laurie LaMotte Memorial Park warming house site city staff met with Sue Goepfert (763-422-7069, [susan.goepfert@co.anoka.mn.us](mailto:susan.goepfert@co.anoka.mn.us)) from the Anoka County Environmental Service department. She informed the City that they will need to purchase a Food License from Anoka County that will then allow the City to sell products to the public (licenses range from \$150 to \$500). She also inspected the proposed site in which the City would like to set up this concession stand operation at. She noted the following:

#### *Class 9 Food License – allows selling of pop, chips, candy and hotdogs*

- A complete make over of the site is needed
  - A dedicated sink for hand washing
  - A three compartment sink for washing utensils
  - Walls and ceiling need to be finished
  - Floor should be finished
  - Light shield
  - Shelving evaluated
  - Commercial Refrigerator and hot dog heater

#### *Class 8 Food License – allows selling of pop, chips, and candy*

- A complete make over of the site is needed
  - Walls and ceiling need to be finished
  - Floor should be finished
  - Light shield
  - Shelving evaluated
  - Commercial Refrigerator

#### *Class 8 Food License – allows selling of pop, chips, and candy*

- Sell outside under the warming house roof

Staff has estimated that a complete concession stand room and appliance upgrade would cost roughly \$8,000 to \$11,000.

### Potential Location – Laurie LaMotte Memorial Park (Lions Concession Trailer)

Another possible alternative that has recently been discussed is the use of the Lions concession trailer. Anoka County has indicated that they would authorize the use of the trailer for the entire baseball season given it meets the required standards. City Staff is working on setting up a meeting to discuss this possibility with the Lions.

### Potential Products

City staff has identified a set of items that could be potentially sold at the concession stand. Again, City staff's strategy is to start with a limited number of items that can easily be purchased,



distributed, made and sold—with the ability to increase offerings at a later time. These items are an array of beverages, *hot dogs*, chips, and candy. Food Sold from Concession Stands Minnesota Statutes, § 297A.01, subdivision 3(c)(3)(viii), provides that all food sold for immediate consumption from concession stands is taxable.

### **Potential Distributors**

#### *Sam's Club*

The first purchase site that was evaluated was the Sam's Club in White Bear Lake. This store allows the City to place an order online for pickup. City staff would simply place an order sometime during the week with staff picking up the order the next day and delivering it to the Laurie LaMotte Memorial Park site. The benefits of this method include greater access to inventory and a limited amount of delivery costs. The potential issues with this distribution method are finding staff time to initiate the purchases and delivering the product.

Approximate cost for Soda = \$.28 per can

This is the method the City of Blaine utilizes—*Nate 763-785-6151*. The City of Blaine operates one concession stand at their new lakeside beach. The concession stand is operated by one individual and managed by their Park and Recreation Department. They sell only packaged goods—gatorade water, pop, and candy all of which are purchased at Sam's Club. City staff purchases and delivers the goods. Their hours of operations are 12-6 everyday during June through August. They estimate that they spent \$1800 and had revenue of \$4100.

#### *Direct Buy - Coke*

On 3/25/11 staff met with a representative from Coke. Three options for distribution were discussed—fountain pop, cooler with pop, and a pop machine. If the City were to upgrade the concession stand room the cooler distribution method would work well. Coke would allow the city to use a branded cooler free of charge and deliver the needed product. The pop machine alternative would be a bare bones approach—offering only beverages with limited profit potential. With the pop machine option, Coke would take care of inventory and money management. The fountain pop option was discouraged because of the setup time involved along with the unknown demand factor.

Approximate cost for Soda = \$.425 per can

#### *Direct Buy - Watsons Ice Cream Kevin Mattson 763-286-6602*

They provide freezer and ice cream products.

#### *Direct Buy - Indian Head Foods – Hot dogs and buns, Brett Degainer 612-716-0210*

#### *Elizabeth Brouse of Andover 763-767-5100*

### **Customer Base**

The latest information provided to City staff was that baseball games would be played M-TH, with the possibility of playing all seven days of the week. The hours of these games are 4 to 9:30. Minimum estimates are 70 players / 100 parents for a total of roughly 170 visitors to the park each night. Regardless of how exact the estimation is for park visitor's demand for concession products is difficult to quantify. That said, a preliminary pro-forma financial indicates the operation should at the very least be able to breakeven from an operations stand point.

### **Employees and Hours of Operation**

City staff anticipates hiring two individuals to split time running the operation. These individuals will operate the concession stand and operate a simplified accounting/inventory scheme. For example, each night a tally of what was sold will be reconciled to cash received. Also, each night the employees will drop off money received into the City Hall utility lock box.

# MEMO

TO: Honorable Mayor & City Council Members

FROM: Kim Stephan

DATE: April 7, 2011

SUBJECT: Bald Eagle Water Ski Shows Requests

From the April 6, 2011 Parks & Recreation Committee Meeting Minutes:

Ms. Tina Lobin, Bald Eagle Water Ski Shows, made an appearance to update the committee on the research the club has done over the winter and request approval to move forward. The committee has been working with the club for the last couple of years to help find them a new home on Centerville Lake. The club has been offering their shows free to the public for the last 10 years from the Waterworks site and would like to become more visible, attract new members and become a larger part of the community. One of the issues for the club is the weeds on Centerville Lake. They have contacted a company and received an estimate of approximately \$3,000 to treat 10 acres. The club has half of the funds and plans to find sponsors for the other half. The company secures the appropriate permits through the DNR. Mr. Dallas Larson stated no motion was needed for the committee's approval as this is a DNR issue. The club could try and treat 5 acres opposed to 10, but this may not be adequate for their needs. The club is comprised of all volunteers with funds raised by membership fees and outside shows. The club recognizes the weed treatment is something that may have to be done each year.

The club has requested leaving a trailer on the property, parked out of the way, for the duration of the season which begins sometime in May (weather dependant) and ends usually mid-August. The trailer is 10 x 12. Council Member King was concerned this is a violation of City Code, if homeowners couldn't park trailers on their property then the City should not make an exception, but home owners can park trailers up to 35' on their property. Vice-Chairperson Grahek was concerned the City would be setting precedence for other organizations to park equipment on City property. Vice-Chairperson Grahek supports the project, just not the storing of the trailer on City property. Most of the members would like to allow the club to park the trailer on site and re-evaluate if it becomes a problem. Committee Member Amundsen has expressed concern in general with the boat activity causing damage to the shoreline which goes against the philosophy the Parks & Recreation Committee followed when constructing Hidden Spring Park.

Motion was made by Committee Member Haiden, seconded by Committee Member Selander to recommend to City Council that Bald Eagle Water Ski Shows be allowed to park their 10 x 12' trailer at Trailside Park during their Ski Show season between May – August, 2011 contingent upon complying with City Ordinance, the City is supplied with proof of insurance and Bald Eagle Water Ski Shows signs a waiver releasing the City of any responsibility. Ayes – 5, Nays – 2 (Amundsen, Grahek). Motion Carried.

Mr. Mark Spitzmueller, Bald Eagle Water Ski Shows, has contacted the St. Paul Water Utility and spoken to Mr. Bill Tschida regarding placing a dock on this property. Mr. Tschida has stated he did not foresee a problem; he has worked with the City before on this property, though the club would need to secure a dock permit. The club would be responsible for all fees associated with this project. The club has had a dock on Centerville Lake for the last 10 years at Waterworks and has had some problems with others using the dock for fishing, etc. and the dock being occupied when the club arrived for their practices or shows. Some of this has been alleviated by making the dock collapsible on itself, the club folds the dock inward when not in use. The club has insurance on all of their equipment and each skier. Committee Member Amundsen felt allowing a dock on City property would set precedence in allowing other organizations to install docks on City property and should not be allowed.

Motion was made by Committee Member Haiden, seconded by Committee Member Peterson to recommend to City Council the approval for Bald Eagle Water Ski Shows to install a dock in Centerville Lake from Trailside Park to use for their 2011 Ski Shows contingent upon proof of insurance, St. Paul Water Utilities permit and subject to DNR approval if necessary. Ayes – 6, Nays – 0, Abstain – 1 (Amundsen). Motion Carried.

The club has offered to help landscape the area to any degree the committee would like, but they don't necessarily need to do anything with the shoreline at this time. Trimming of some of the lower branches of trees on the property may need to be done, but that will be determined if the project moves forward.



CITY OF CENTERVILLE  
CENTERVILLE, MINNESOTA

MANAGEMENT LETTER

FOR THE YEAR ENDED  
DECEMBER 31, 2010

**ABDO  
EICK &  
MEYERS** LLP  
*Certified Public Accountants & Consultants*

5201 Eden Avenue  
Suite 250  
Edina, MN 55436

Management, Honorable Mayor and Council  
City of Centerville, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Centerville, Minnesota (the City), for the year ended December 31, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 17, 2010. Professional standards also require that we communicate to you the following information related to our audit.

**Our Responsibility Under Auditing Standards Generally Accepted in the United States of America**

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud or illegal acts may exist and not be detected by us.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control over financial reporting of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

**Significant Audit Findings**

A deficiency in internal control over financial reporting 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, 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. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the City's compliance with those requirements. We noted no instances of noncompliance with Minnesota statutes.

## Summary of Prior Year Findings

### 2009-1: Segregation of Duties over Utility Billing

- Condition:* During our audit we reviewed procedures over cash receipts, cash disbursements, payroll, utility billing and investments. The City was found to have limited segregation of duties in the transaction cycle relating to utility billing.
- Criteria:* There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.
- Current Year Status:* The Finance Director reviews adjustments with utility billing and utility billing registers.



#### 2009-2 Preparation of Financial Statements

*Condition:* As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Recent auditing standards require auditors to communicate this situation to the Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. It is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.

*Criteria:* Internal controls should be in place to provide reasonable assurance over financial reporting.

*Current Year Status:* Management utilized a disclosure checklist to ensure all required disclosures are presented and the City agreed its financial software to the numbers reported in the financial statements.

#### 2009-3 Mileage Reimbursement Allowance

*Condition:* During our audit we noted that the City paid an automobile allowance to an employee, and also reimbursed the same employee for actual mileage incurred while performing work for the City.

*Criteria:* Minnesota statute 471.665, subd. 3, requires that if the City establishes an automobile allowance for any officer or employee, the allowance be in lieu of all other mileage reimbursement to that officer or employee.

*Current Year Status:* The City no longer offers an automobile allowance and only pays for mileage reimbursement.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you.





### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transaction entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumption about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were capital asset basis, and depreciation.

Management's estimate of depreciation is based on estimated useful lives of the assets. The estimate of historical cost is based on engineers' estimates and deflated current value. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated March 24, 2011.



### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Financial Position and Results of Operations

Our principal observations and recommendations are summarized on the following pages. These recommendations resulted from our observations made in connection with our audit of the City's financial statements for the year ended December 31, 2010.

### General Fund

The General fund is used to account for resources traditionally associated with government, which are not required legally or by sound principal management to be accounted for in another fund. The General fund balance decreased \$162,915 from 2009. The fund balance of \$1,068,411 is 52 percent of the 2011 budgeted expenditures. The total General fund budget is \$2,054,700 for 2011. We recommend the fund balance be maintained at a level sufficient to fund operations until the major revenue sources are received in June. We feel a reserve of approximately 40 to 50 percent of planned expenditures and transfers out is adequate to meet working capital and small emergency needs. At the current level, the fund balance is above the minimum but Council has acknowledged the amount. Council adopted a fund balance resolution and the City is in compliance with this resolution.

The Office of the State Auditor (the OSA) has issued a *Statement of Position* relating to fund balance stating "a local government should identify fund balance separately between reserved and unreserved fund balance. The local government may assign and report some or all of the fund balance as designated and undesignated." We recommend local governments adopt a formal policy on the level of unreserved fund balance that should be maintained in the general and special revenue funds. This helps address citizen concerns as to the use of fund balance and tax levels.

The purposes and benefits of an adequate fund balance are as follows:

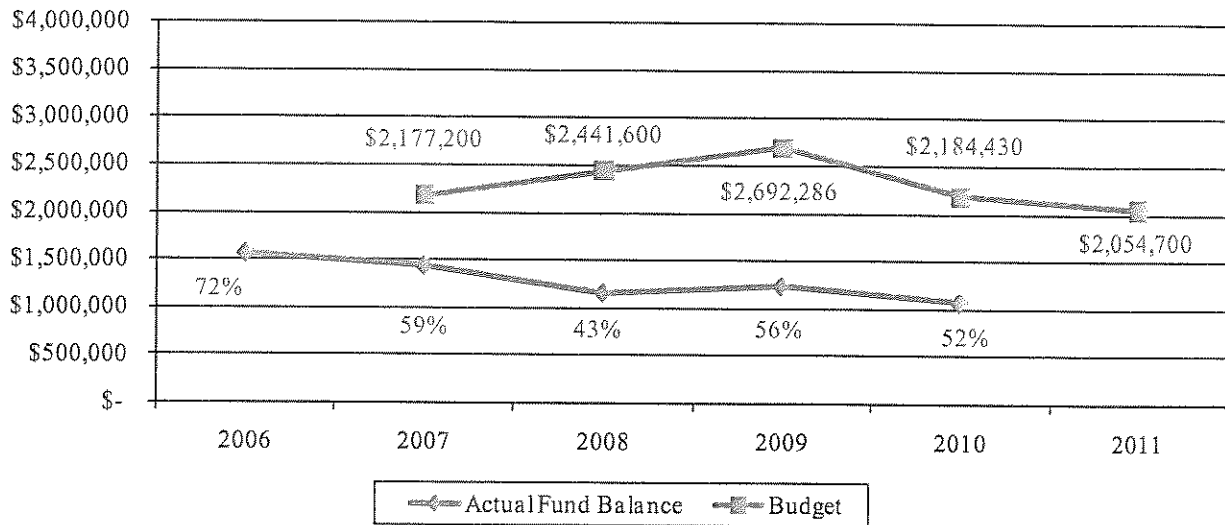
- Expenditures are incurred somewhat evenly throughout the year. However, property tax and state aid revenues are not received until the second half of the year. An adequate fund balance will provide the cash flow required to finance the governmental fund expenditures.
- The City is vulnerable to legislative actions at the State and Federal level. The State continually adjusts the local government aid and property tax credit formulas. We also have seen the State mandate levy limits for cities over 2,500 in population. An adequate fund balance will provide a temporary buffer against those aid adjustments and levy limits.
- Expenditures not anticipated at the time the annual budget was adopted may need immediate Council action. These would include capital outlay replacement, lawsuits and other items. An adequate fund balance will provide the financing needed for such expenditures.
- A strong fund balance will assist the City in obtaining, maintaining or improving its bond rating. The result will be better interest rates in future bond sales.



A table summarizing the General fund balances in relation to budgeted expenditures and transfers out follows:

Year	Fund Balance December 31	Budget Year	General Fund Budget	Percent of Fund Balance to Budget
2006	\$ 1,563,335	2007	\$ 2,177,200	72 %
2007	1,435,164	2008	2,441,600	59
2008	1,157,516	2009	2,692,286	43
2009	1,231,326	2010	2,184,430	56
2010	1,068,411	2011	2,054,700	52

**Fund Balances as a Percent of Next Year's Budget**



We have compiled a peer group average derived from information available on the website of the Office of the State Auditor for Cities of the 4<sup>th</sup> class which have populations between 2,500 and 10,000. In 2009, the average General fund balance as a percentage of expenditures was 63 percent. Based on a comparison to the peer groups, the City's General fund balance is lower than average but close to the recommended range.



A summary of the 2010 operations is as follows:

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 2,157,944	\$ 2,027,600	\$ 2,007,644	\$ (19,956)
Expenditures	2,047,594	2,184,430	2,197,049	(12,619)
Deficiency of revenues under expenditures	110,350	(156,830)	(189,405)	(32,575)
Other financing sources				
Transfers in	-	-	26,490	26,490
Transfers out	(99,500)	-	-	-
Total other financing sources (uses)	(99,500)	-	26,490	26,490
Net change in fund balances	10,850	(156,830)	(162,915)	(6,085)
Fund balances, January 1	1,231,326	1,231,326	1,231,326	-
Fund balances, December 31	<u>\$ 1,242,176</u>	<u>\$ 1,074,496</u>	<u>\$ 1,068,411</u>	<u>\$ (6,085)</u>

- Revenues were under budget by \$19,956 for the year. Refunds and reimbursements had the largest budget variance, as this category was under budget by \$20,561.
- Expenditures were over budget by \$12,619 for the year. This was mainly due to total current expenditures being over budget by \$10,801.

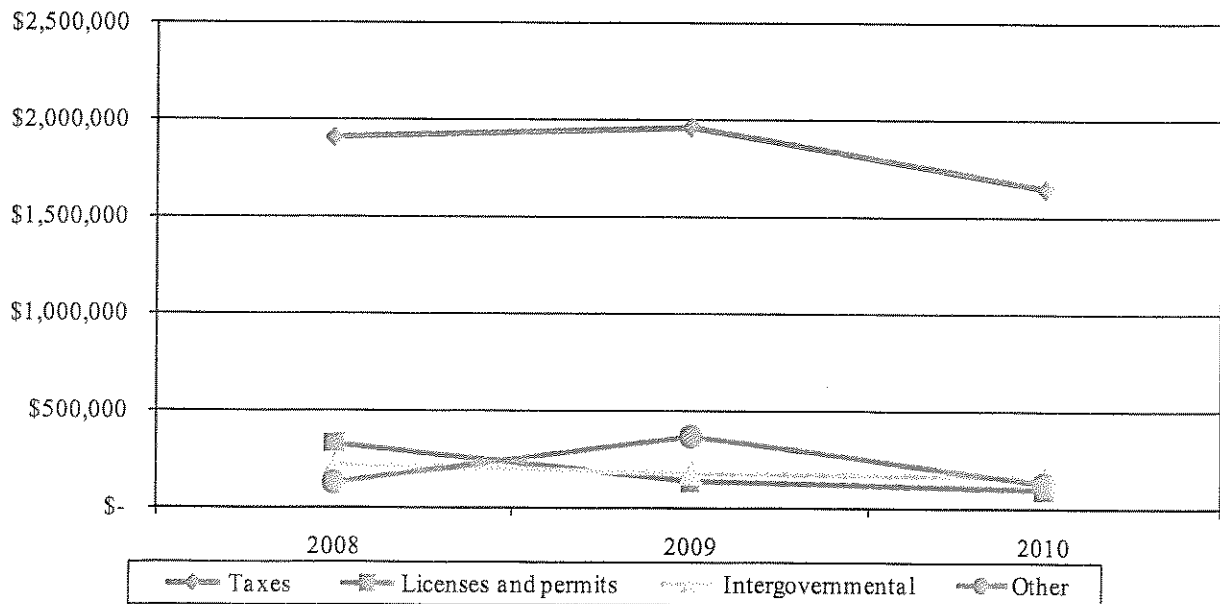


A more detailed comparison of General fund revenues and transfers for the past three years is as follows:

Source	2008	2009	2010	Percent of Total	Per Capita
Taxes	\$ 1,908,635	\$ 1,961,993	\$ 1,651,906	81.2 %	\$ 426
Licenses and permits	333,903	138,121	97,207	4.8	25
Intergovernmental	218,673	182,458	155,003	7.6	40
Charges for services	722	3,607	4,408	0.2	1
Fines and forfeitures	29,797	28,836	36,028	1.8	9
Special assessments	1,915	43,864	28,090	1.4	7
Interest on investments	47,043	10,397	13,677	0.7	4
Miscellaneous	14,981	35,052	21,325	1.0	5
Transfers in	35,977	250,144	26,490	1.3	7
<b>Total revenues and transfers</b>	<b>\$ 2,591,646</b>	<b>\$ 2,654,472</b>	<b>\$ 2,034,134</b>	<b>100.0 %</b>	<b>\$ 524</b>

The sources of General fund revenues are presented graphically as follows:

### Revenues and Transfers in





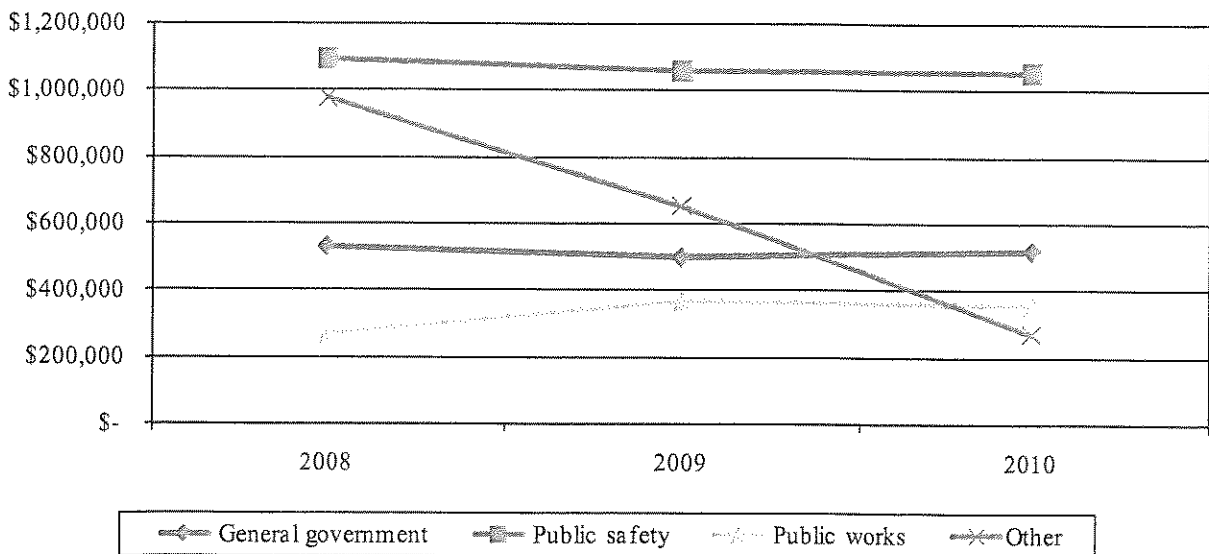
A summary of the past three years General fund expenditures and transfers is as follows:

Program	2008	2009	2010	Percent of Total	Per Capita	Peer Group Per Capita
<b>Current</b>						
General government	\$ 531,062	\$ 500,119	\$ 518,632	23.6 %	\$ 134	\$ 129
Public safety	1,094,263	1,060,001	1,054,045	48.0	272	206
Public works	266,110	366,734	354,194	16.1	91	113
Culture and recreation	86,053	99,408	79,131	3.6	20	50
Economic development	3,031	6,533	399	-	-	4
Miscellaneous	19,511	16,516	5,830	0.3	2	13
<b>Total current</b>	<b>2,000,030</b>	<b>2,049,311</b>	<b>2,012,231</b>	<b>91.6</b>	<b>519</b>	<b>515</b>
Capital outlay	629,146	166,916	178,185	8.1	46	310
Debt service	35,660	6,535	6,633	0.3	2	-
Transfers out	204,458	357,900	-	-	-	-
<b>Total expenditures and transfers</b>	<b>\$ 2,869,294</b>	<b>\$ 2,580,662</b>	<b>\$ 2,197,049</b>	<b>100.0 %</b>	<b>\$ 567</b>	<b>\$ 825</b>

The above chart compares the amount the City spends per capita, in comparison to a peer group. The peer group average is derived from information available on the website of the Office of the State Auditor for Cities of the 4<sup>th</sup> class which have populations between 2,500 and 10,000.

The function/program of the expenditures and transfers are presented graphically as follows:

### Expenditures and Transfers Out





**Special Revenue Funds**

Special revenue funds are used to account for revenue derived from specific taxes or other earmarked revenue sources. They are usually required by statute or local ordinance to finance particular functions or activities of government. A summary of year end fund balances for all special revenue funds follows:

Fund	Fund Balances December 31,		Increase (Decrease)
	2010	2009	
Nonmajor			
Cable T.V.	\$ 24,662	\$ 20,856	\$ 3,806

**Capital Projects Funds**

The capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by enterprise funds. A summary of year end fund balances (deficits) for all capital projects funds follows:

Fund	Fund Balances (Deficits) December 31,		Increase (Decrease)
	2010	2009	
Major			
2009 Street & Utility Improvements	\$ 47,918	\$ 759,316	\$ (711,398)
Park	(1,071,510)	(242,837)	(828,673)
Nonmajor			
Pedestrian Trail Ways	545,086	(225,673)	770,759
2006 Municipal Improvements	-	21,424	(21,424)
2007 CSAH 14 Improvements	-	353,573	(353,573)
2007 Development	-	41,880	(41,880)
2007 Downtown Redevelopment	125,716	133,523	(7,807)
CDBG Water Services	(5,400)	-	(5,400)
Total	\$ (358,190)	\$ 841,206	\$ (1,199,396)

The City should annually evaluate the status of each project to determine if the fund should be closed or if additional funding sources will be needed for deficits. Each deficit indicates a funding shortfall and all will eventually need to be eliminated either by future charges or by transfers from other funds. The deficit fund balance in the Park fund of \$1,071,510 is mostly due to a transfer out of \$825,000 to the Pedestrian Trail Ways fund for the funding project plan and loan between funds.



**Debt Service Funds**

Debt service funds are a type of governmental fund to account for the accumulation of resources for the payment of interest and principal on debt (other than enterprise fund debt).

Debt service funds may have one or a combination of the following revenue sources pledged to retire debt as follows:

- Property taxes - Primarily for general City benefit projects such as parks and municipal buildings. Property taxes may also be used to fund special assessment bonds which are not fully assessed.
- Tax increments - Pledged exclusively for tax increment/economic development districts.
- Capitalized interest portion of bond proceeds - After the sale of bonds, the project may not produce revenue (tax increments or special assessments) for a period of one to two years. Bonds are issued with this timing difference considered in the form of capitalized interest.
- Special assessments - Charges to benefited properties for various improvements.

In addition to the above pledged assets, other funding sources may be received by Debt Service funds as follows:

- Residual project proceeds from the related capital projects fund
- Investment earnings
- State or federal grants
- Transfers from other funds

A comparison of the assets of each fund and the remaining bonds outstanding at year end are as follows:

Fund	Cash and Temporary Investments	Total Assets	Bonds Outstanding	Maturity
309 Joint Police Station 2005A	\$ 52,346	\$ 58,991	\$ 609,439	2021
312 G.O. Improvement Bonds of 2004B	540,764	840,981	1,595,000	2020
348 G.O. Crossover Bonds of 2009B	510,946	930,543	2,430,000	2018
349 G.O. Improvement Bonds of 2007A	815,815	1,239,470	2,460,000	2023
351 G.O. Improvement Bonds of 2009A	506,032	1,446,923	3,715,000	2025
Total	<u>\$ 2,425,903</u>	<u>\$ 4,516,908</u>	<u>\$ 10,809,439</u>	



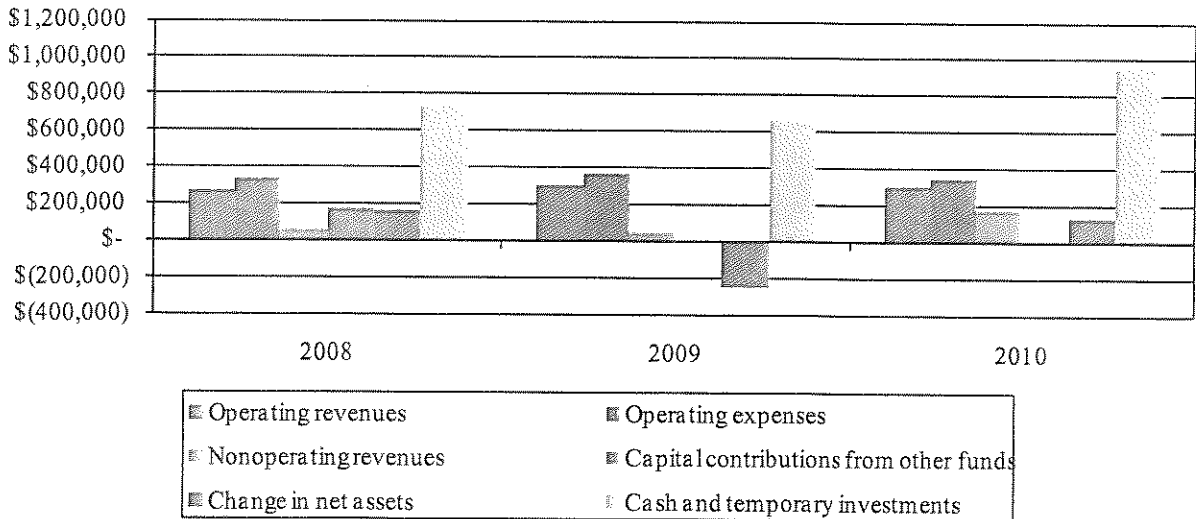


**Enterprise Funds**

**Water Fund**

The results of the operations and cash position of the Water fund for the past three years are as follows:

	2008		2009		2010	
	Total	Percent	Total	Percent	Total	Percent
Operating revenues	\$ 268,403	100.0 %	\$ 298,999	100.0 %	\$ 305,056	100.0 %
Operating expenses	337,928	125.9	367,259	122.8	345,071	113.1
Operating loss	(69,525)	(25.9)	(68,260)	(22.8)	(40,015)	(13.1)
Nonoperating revenues	57,952	21.6	49,515	16.6	175,709	57.6
Income (loss) before contributions and transfers	(11,573)	(4.3)	(18,745)	(6.2)	135,694	44.5
Capital contributions from other funds/developers	171,094	63.7	-	-	-	-
Transfers out	-	-	(229,121)	(77)	-	-
Change in net assets	<u>\$ 159,521</u>	<u>59.4 %</u>	<u>\$ (247,866)</u>	<u>(82.8) %</u>	<u>\$ 135,694</u>	<u>44.5 %</u>
Cash and temporary investments	<u>\$ 733,941</u>		<u>\$ 663,584</u>		<u>\$ 961,881</u>	



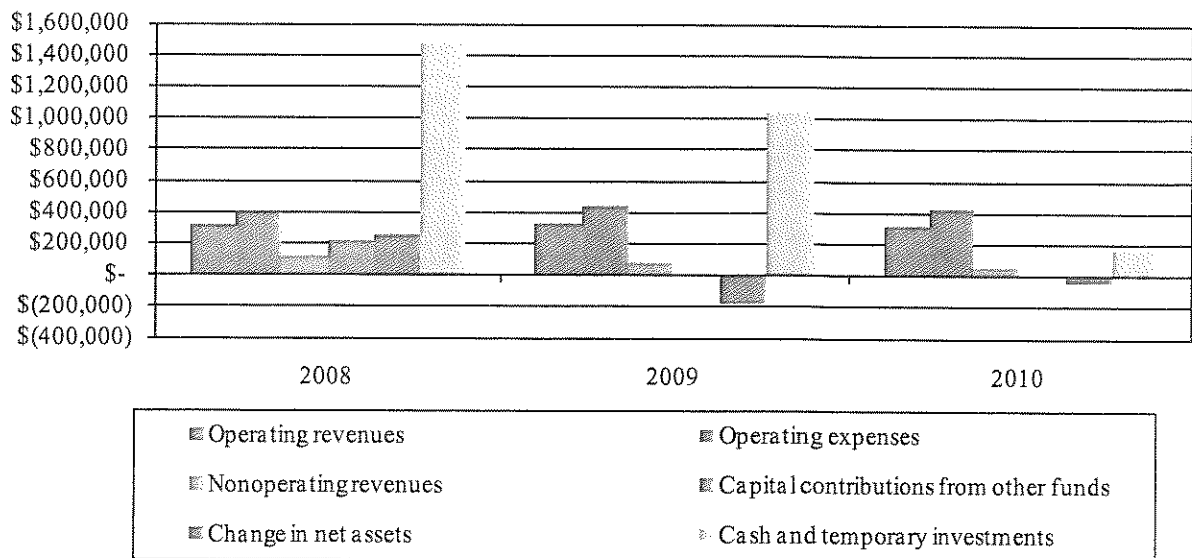
The cash balance has increased over the prior year mainly due to positive cash flow from operations and an increase in special assessment revenue. Rates are analyzed each year by staff. This is a good practice and should be continued.



**Sewer Fund**

The results of operations and cash position of the Sewer fund for the past three years are as follows:

	2008		2009		2010	
	Total	Percent	Total	Percent	Total	Percent
Operating revenues	\$ 312,403	100.0 %	\$ 322,369	100.0 %	\$ 319,947	100.0 %
Operating expenses	388,502	124.4	440,936	136.8	422,596	132.1
Operating loss	(76,099)	(24.4)	(118,567)	(36.8)	(102,649)	(32.1)
Nonoperating revenues	123,048	39.4	82,101	25.5	60,832	19.0
Income (loss) before contributions and transfers	46,949	15.0	(36,466)	(11.3)	(41,817)	(13.1)
Capital contributions from other funds/developers	212,226	67.9	-	-	-	-
Transfers out	-	-	(140,492)	(31.9)	-	-
Change in net assets	<u>\$ 259,175</u>	<u>82.9 %</u>	<u>\$ (176,958)</u>	<u>(43.2) %</u>	<u>\$ (41,817)</u>	<u>(13.1) %</u>
Cash and temporary investments	<u>\$ 1,472,675</u>		<u>\$ 1,046,290</u>		<u>\$ 169,273</u>	



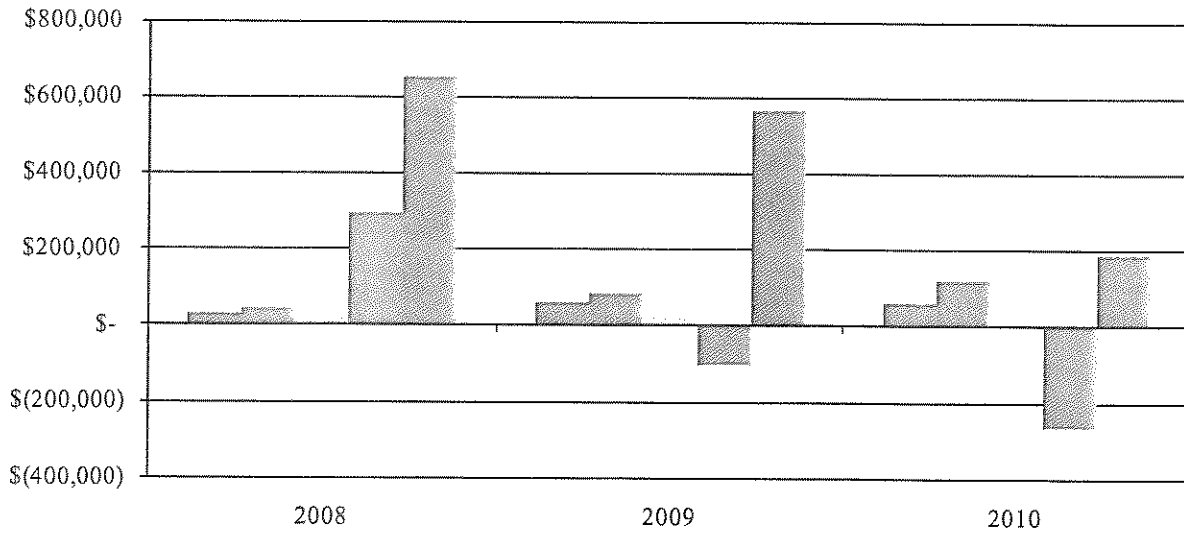
The decrease in cash and in net assets is mainly due to interfund borrowing of \$940 thousand to other City funds for project costs. In total, the Sewer fund has borrowed \$2 million to other funds over the past few years. Repayment terms have been established for all agreements. Similar to the Water fund rates are reviewed annually.



**Storm Water Fund**

The results of operations and cash position of the Storm Water fund for the past three years are as follows:

	2008		2009		2010	
	Total	Percent	Total	Percent	Total	Percent
Operating revenues	\$ 30,478	100.0 %	\$ 61,911	100.0 %	\$ 62,392	100.0 %
Operating expenses	47,317	155.2	85,168	137.6	122,475	196.3
Operating loss	(16,839)	(55.2)	(23,257)	(37.6)	(60,083)	(96.3)
Nonoperating revenues	19,234	63.1	17,846	28.8	5,206	8.3
Income (loss) before contributions and transfers	2,395	7.9	(5,411)	(8.8)	(54,877)	(88.0)
Capital contributions from other funds/developers	290,862	954.3	-	-	-	-
Transfers out	-	-	(99,500)	-	(209,500)	(335.8)
Change in net assets	<u>\$ 293,257</u>	<u>962.2 %</u>	<u>\$ (104,911)</u>	<u>(8.8) %</u>	<u>\$ (264,377)</u>	<u>(423.8) %</u>
Cash and temporary investments	<u>\$ 652,640</u>		<u>\$ 566,773</u>		<u>\$ 189,770</u>	



■ Operating revenues      ■ Operating expenses      ■ Nonoperating revenues  
 ■ Change in net assets      ■ Cash and temporary investments

The storm water fund cash balance decreased during the year, mainly due to transfers out of \$209,500 for project costs and an increase in operating expenses.



**Ratio Analysis**

The following captures a few ratios from the City's financial statements that give some additional information for trend and peer group analysis. The peer group average is derived from information available on the website of the Office of the State Auditor. Different peer group averages were used for Cities of the 4<sup>th</sup> class (population 2,500 – 10,000). The majority of these ratios facilitate the use of economic resources focus and accrual basis of accounting at the government-wide level. A combination of liquidity (ability to pay its most immediate obligations), solvency (ability to pay its long-term obligations), funding (comparison of financial amounts and economic indicators to measure changes in financial capacity over time) and common-size (comparison of financial data with other cities regardless of size) ratios are shown below.

Ratio	Calculation	Source	2007	2008	2009	2010
Debt to assets	Total liabilities/total assets	Government-wide	33%	29%	33%	28%
			36%	34%	34%	N/A
Debt per capita	Bonded debt/population	Government-wide	\$ 2,394	\$ 2,045	\$ 2,947	\$ 2,159
			\$ 2,673	\$ 2,677	\$ 2,713	N/A
Taxes per capita	Tax revenues/population	Government-wide	\$ 485	\$ 502	\$ 518	\$ 433
			\$ 382	\$ 401	\$ 399	N/A
Current expenditures per capita	Governmental fund current expenditures/population	Governmental funds	\$ 596	\$ 538	\$ 545	\$ 525
			\$ 553	\$ 663	\$ 625	N/A
Capital expenditures per capita	Governmental fund capital expenditures/population	Governmental funds	\$ 510	\$ 564	\$ 826	\$ 370
			\$ 409	\$ 323	\$ 310	N/A
Capital assets % left to depreciate - Governmental	Net capital assets/gross capital assets	Government-wide	82%	81%	82%	82%
			70%	70%	68%	N/A
Capital assets % left to depreciate - Business-type	Net capital assets/gross capital assets	Government-wide	78%	78%	75%	75%
			68%	67%	67%	N/A

Represents the City of Centerville

Peer Group ratio

**Debt-to-Assets Leverage Ratio (Solvency Ratio)**

The debt-to-assets leverage ratio is a comparison of a city's total liabilities to its total assets or the percentage of total assets that are provided by creditors. It indicates the degree to which the City's assets are financed through borrowings and other long-term obligations (i.e. a ratio of 50 percent would indicate half of the assets are financed with outstanding debt).

**Bonded Debt per Capita (Funding Ratio)**

This dollar amount is arrived at by dividing the total bonded debt by the population of the city and represents the amount of bonded debt obligation for each citizen of the city at the end of the year. The higher the amount, the more resources are needed in the future to retire these obligations through taxes, assessments or user fees.



#### **Taxes per Capita (Funding Ratio)**

This dollar amount is arrived at by dividing the total tax revenues by the population of the city and represents the amount of taxes for each citizen of the city for the year. The higher this amount is, the more reliant the city is on taxes to fund its operations.

#### **Current Expenditures per Capita (Funding Ratio)**

This dollar amount is arrived at by dividing the total current governmental expenditures by the population of the City and represents the amount of governmental expenditure for each citizen of the City during the year. Since this is generally based on ongoing expenditures, we would expect consistent annual per capita results.

#### **Capital Expenditures per Capita (Funding Ratio)**

This dollar amount is arrived at by dividing the total governmental capital outlay expenditures by the population of the City and represents the amount of capital expenditure for each citizen of the City during the year. Since projects are not always recurring, the per capita amount will fluctuate from year to year.

#### **Capital Assets Percentage (Common-size Ratio)**

This percentage represents the percent of governmental or business-type capital assets that are left to be depreciated. The lower this percentage, the older the city's capital assets are and may need major repairs or replacements in the near future. A higher percentage may indicate newer assets being constructed or purchased and may coincide with higher debt ratios or bonded debt per capita.

#### **Future Accounting Standard Changes**

The following Governmental Accounting Standards Board (GASB) Statements have been issued and may have an impact on future City financial statements:

##### ***GASB Statement No. 54 - Fund Balance***

This statement was issued in March of 2009 and is effective for periods beginning after June 15, 2010. This new standard is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classifications, and clarifying the definitions of existing governmental fund types.

GASB No. 54 distinguishes fund balance between amounts that are considered non-spendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. The following classifications and definitions will be used:

- *Restricted* - amounts constrained by external parties, constitutional provision, or enabling legislation
- *Committed* - amounts constrained by a government using its highest level of decision-making authority
- *Assigned* - amounts a government *intends* to use for a particular purpose
- *Unassigned* - amounts that are not constrained at all will be reported in the general fund.

In addition to the classifications of fund balance, the standard clarified the definitions of individual governmental fund types, for example, special revenue funds, debt service funds, and capital project funds.



*GASB Statement No. 59 – Financial Instruments Omnibus*

*Summary*

The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This Statement provides for the following amendments:

- Statement 31 is clarified to indicate that a 2a7-like pool, as described in Statement 31, is an external investment pool that operates in conformity with the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended.
- Statement No. 40, Deposit and Investment Risk Disclosures, is amended to indicate that interest rate risk information should be disclosed only for debt investment pools—such as bond mutual funds and external bond investment pools—that do not meet the requirements to be reported as a 2a7-like pool.

The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2010. Earlier application is encouraged.

*How the Changes in This Statement Will Improve Financial Reporting*

The requirements of this Statement will improve financial reporting by providing more complete information, by improving consistency of measurements, and by providing clarifications of existing standards. Emphasizing the applicability of SEC requirements to 2a7-like external investment pools provides practitioners with improved guidance. Finally, limiting interest rate risk disclosures for investments in mutual funds, external investment pools, and other pooled investments to debt investment pools provides better guidance regarding the applicability of interest rate risk disclosures.

\* \* \* \* \*

This report is intended solely for the information and use of Council, management, others within the City, and the Minnesota Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties.

The comments and recommendation in this report are purely constructive in nature, and should be read in this context. Our audit would not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the opportunity to be of service and for the courtesy and cooperation extended to us by your staff.

March 24, 2011  
Minneapolis, Minnesota

ABDO, EICK & MEYERS, LLP  
*Certified Public Accountants*

CITY OF CENTERVILLE  
CENTERVILLE, MINNESOTA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED  
DECEMBER 31, 2010

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INTRODUCTORY SECTION

CITY OF CENTERVILLE  
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2010

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CITY OF CENTERVILLE, MINNESOTA  
ELECTED AND APPOINTED OFFICIALS  
FOR THE YEAR ENDED DECEMBER 31, 2010

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mary Capra	Mayor	12/31/10
Linda Broussard - Vickers	Council Member	12/31/10
Ben Fehrenbacher	Council Member	12/31/13
Jeff Paar	Council Member	12/31/13
D. Love	Council Member	12/31/15

APPOINTED

Dallas Larson	City Administrator
Teresa Bender	City Clerk
Mike Jeziorski	Finance Director

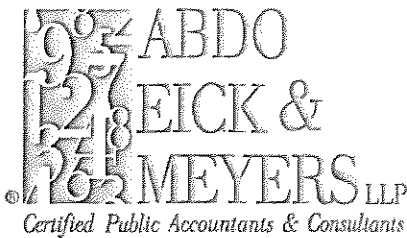
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FINANCIAL SECTION  
CITY OF CENTERVILLE  
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2010

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5201 Eden Avenue  
Suite 250  
Edina, MN 55436

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council  
City of Centerville, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville, Minnesota (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the City's 2009 financial statements and, in our report dated May 19, 2010, we expressed unqualified opinions on the respective proprietary fund financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 13 through 23, and the Schedule of Funding Progress on page 75 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.

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Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules, and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and supplementary information 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.

March 24, 2011  
Minneapolis, Minnesota

*Abdo Eick & Meyers, LLP*

ABDO, EICK & MEYERS, LLP  
*Certified Public Accountants*

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## Management's Discussion and Analysis

As management of the City of Centerville, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2010.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$21,117,555 (net assets). Of this amount, \$4,540,260 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$683,818. A further breakdown of net assets is chronicled under Government wide financial statement analysis.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,837,564, a decrease of \$3,058,911 in comparison with the prior year. Approximately 25.7 percent of this total amount, \$729,670, is available for spending at the City's discretion.
- At the end of the current fiscal year, unreserved fund balance for the General fund was \$1,063,198. While these funds are not legally reserved, they are designated for future cash flow purposes.
- The City's total debt decreased \$2,884,850, during the current fiscal year. The decrease was mainly due to the crossover refunding bond payment of \$2,565,000 and other schedule principal payments.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This analysis contains other supplemental information in addition to the basic financial statements themselves.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

**Figure 1  
Required Components of the  
City's Annual Financial Report**

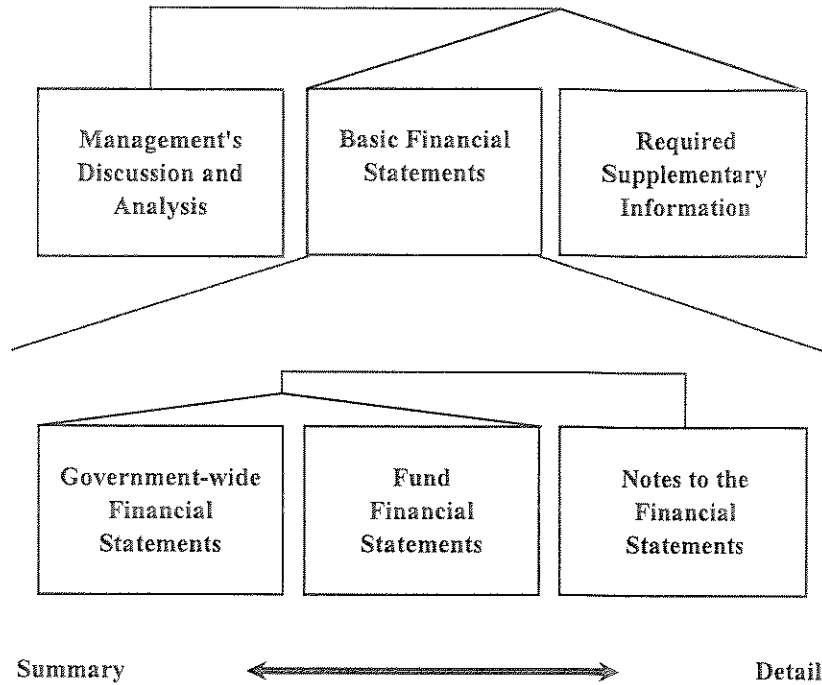


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Figure 2**  
Major features of the Government-wide and Fund Financial Statements

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Assets</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statements of Net Assets</li> <li>• Statements of Revenues, Expenses and Changes in Fund Net Assets</li> <li>• Statements of Cash Flows</li> </ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City’s assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*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 the City include general government, public safety, public works, economic development, culture and recreation, miscellaneous and interest on long-term debt. The business-type activities of the City include water, sewer, storm water and recycling.

The government-wide financial statements start on page 27 of this report.

## 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. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary 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 fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's 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 *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 17 individual governmental funds, 6 of which are Debt Service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Debt Service, Park and 2009 Street & Utility Improvements funds. Data from the other 8 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 32 of this report.

**Proprietary fund.** The City maintains one type of proprietary 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 its water, sewer, storm water and recycling.

The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds.

The basic proprietary fund financial statements start on page 40 of this report.

## Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 49 of this report.

## Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to financial statements. Combining and individual fund statements and schedules start on page 70 of this report.



## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$21,117,555 at the close of the most recent fiscal year.

By far, the largest portion of the City's net assets ( 59 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these 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 this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### Summary of Net Assets

	Governmental Activities			Business-type Activities		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 5,654,390	\$ 9,338,395	\$ (3,684,005)	\$ 3,597,296	\$ 3,701,352	\$ (104,056)
Capital assets	16,118,270	15,829,115	289,155	7,186,009	7,502,889	(316,880)
<b>Total assets</b>	<b>21,772,660</b>	<b>25,167,510</b>	<b>(3,394,850)</b>	<b>10,783,305</b>	<b>11,204,241</b>	<b>(420,936)</b>
<b>Liabilities</b>						
Noncurrent liabilities outstanding	10,852,586	13,740,170	(2,887,584)	13,897	16,631	(2,734)
Other liabilities	559,903	553,851	6,052	12,024	259,726	(247,702)
<b>Total liabilities</b>	<b>11,412,489</b>	<b>14,294,021</b>	<b>(2,881,532)</b>	<b>25,921</b>	<b>276,357</b>	<b>(250,436)</b>
<b>Net assets</b>						
Invested in capital assets, net of related debt	5,308,831	4,725,463	583,368	7,186,009	7,502,889	(316,880)
Restricted for						
Future expansion	-	-	-	71,631	71,631	-
Debt service	4,010,824	3,887,817	123,007	-	-	-
Unrestricted	1,040,516	2,260,209	(1,219,693)	3,499,744	3,353,364	146,380
<b>Total net assets</b>	<b>\$ 10,360,171</b>	<b>\$ 10,873,489</b>	<b>\$ (513,318)</b>	<b>\$ 10,757,384</b>	<b>\$ 10,927,884</b>	<b>\$ (170,500)</b>

An additional portion of the City's net assets ( 19.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$4,540,260) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

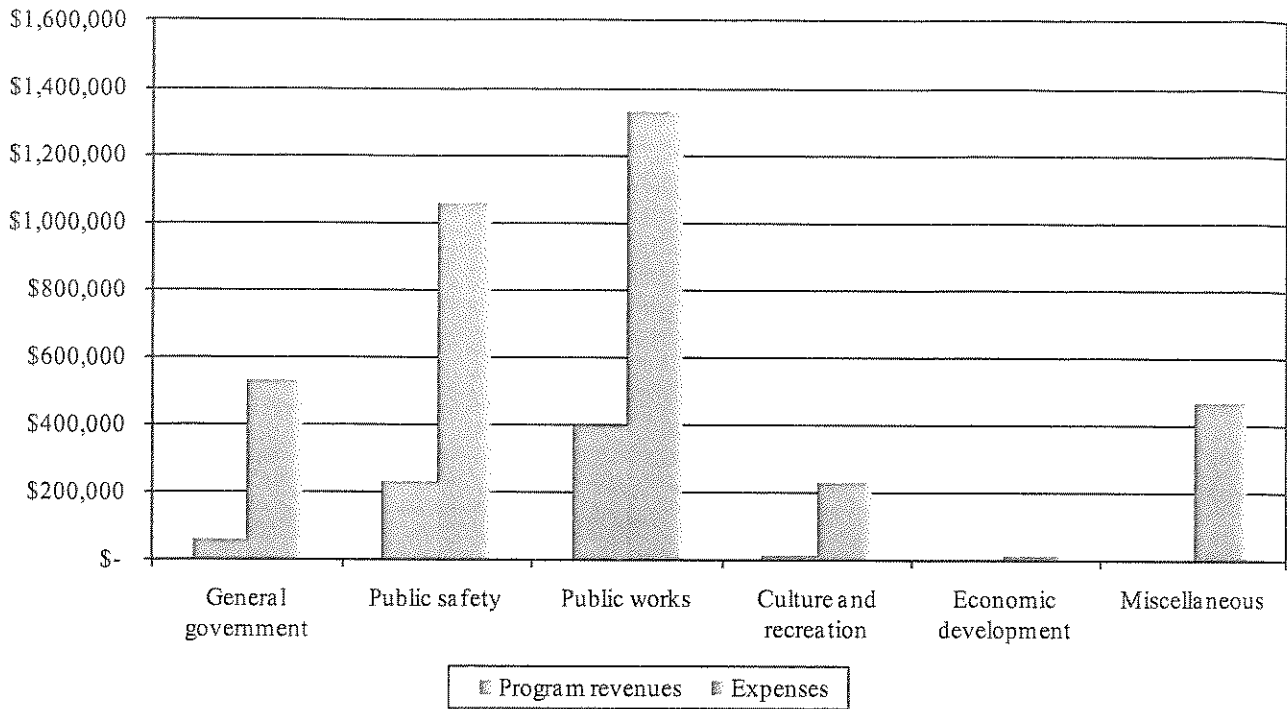
Governmental activities. Governmental activities decreased the City's net assets by \$513,318, thereby accounting for 75.1 of the total decrease in net assets of the City. Key elements of this decrease are as follows:

	Changes in Net Assets					
	Governmental Activities			Business-type Activities		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 402,377	\$ 351,650	\$ 50,727	\$ 687,407	\$ 684,655	\$ 2,752
Operating grants and contributions	70,805	74,978	(4,173)	-	-	-
Capital grants and contributions	232,360	1,804,492	(1,572,132)	201,120	54,418	146,702
General revenues						
Taxes						
Property taxes/tax increments	1,678,293	1,979,834	(301,541)	-	-	-
Property taxes, levied for debt service	482,219	-	482,219	-	-	-
Other taxes	753	-	753	-	-	-
Grants and contributions not restricted to specific programs	18,665	18,551	114	-	-	-
Unrestricted investment earnings	31,954	64,482	(32,528)	40,615	93,668	(53,053)
Miscellaneous	4,692	-	4,692	-	-	-
Total revenues	<u>2,922,118</u>	<u>4,293,987</u>	<u>(1,371,869)</u>	<u>929,142</u>	<u>832,741</u>	<u>96,401</u>
Expenses						
General government	536,362	526,015	10,347	-	-	-
Public safety	1,059,361	1,070,645	(11,284)	-	-	-
Public works	1,333,377	753,640	579,737	-	-	-
Culture and recreation	231,500	169,555	61,945	-	-	-
Economic development	15,078	21,277	(6,199)	-	-	-
Interest on long-term debt	469,258	438,303	30,955	-	-	-
Water	-	-	-	345,071	367,259	(22,188)
Sewer	-	-	-	422,596	440,936	(18,340)
Storm Water	-	-	-	122,475	85,168	37,307
Recycling	-	-	-	-	11,238	(11,238)
Total expenses	<u>3,644,936</u>	<u>2,979,435</u>	<u>665,501</u>	<u>890,142</u>	<u>904,601</u>	<u>(14,459)</u>
Increase (decrease) in net assets before transfers	(722,818)	1,314,552	(2,037,370)	39,000	(71,860)	110,860
Transfers	<u>209,500</u>	<u>469,113</u>	<u>(259,613)</u>	<u>(209,500)</u>	<u>(469,113)</u>	<u>259,613</u>
Change in net assets	(513,318)	1,783,665	(2,296,983)	(170,500)	(540,973)	370,473
Net assets, January 1	<u>10,873,489</u>	<u>9,089,824</u>	<u>1,783,665</u>	<u>10,927,884</u>	<u>11,468,857</u>	<u>(540,973)</u>
Net assets, December 31	<u>\$ 10,360,171</u>	<u>\$ 10,873,489</u>	<u>\$ (513,318)</u>	<u>\$ 10,757,384</u>	<u>\$ 10,927,884</u>	<u>\$ (170,500)</u>

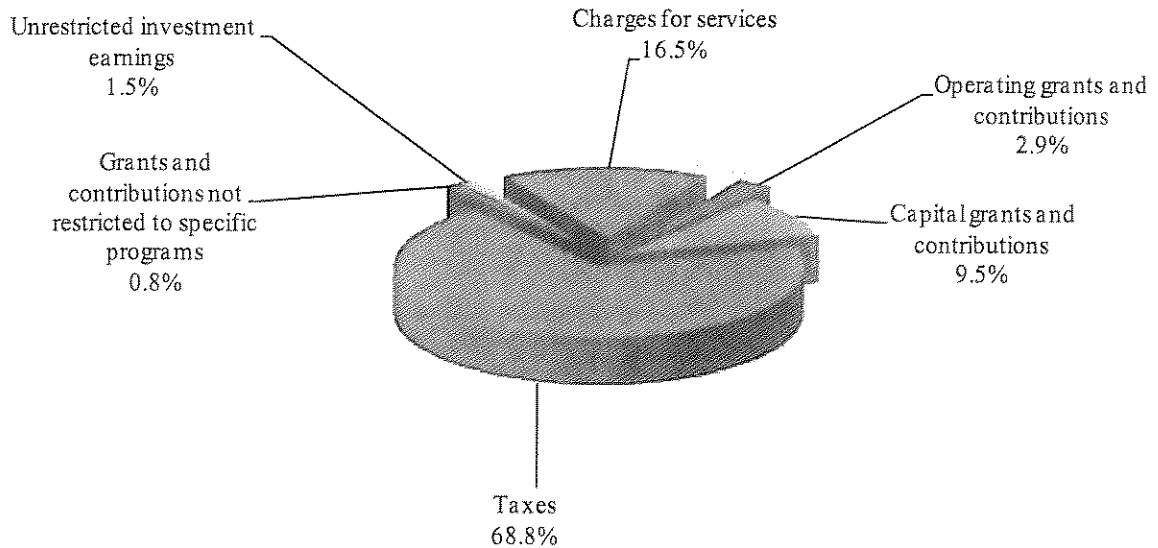
Capital grants and contributions decreased due to the adoption of new assessments to finance the 2009 street and utility improvements in 2009.

The following graph depicts various governmental activities and shows the program revenues and expenses directly related to those activities.

**Expenses and Program Revenues - Governmental Activities**



**Revenues by Source - Governmental Activities**

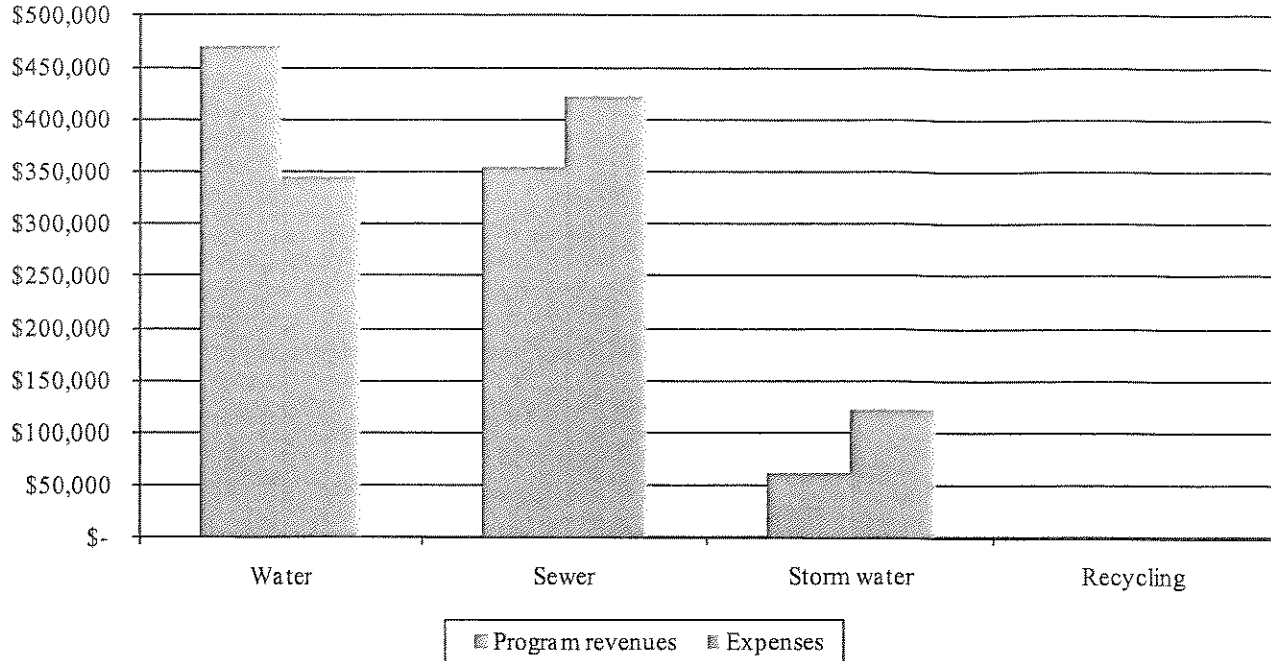


For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

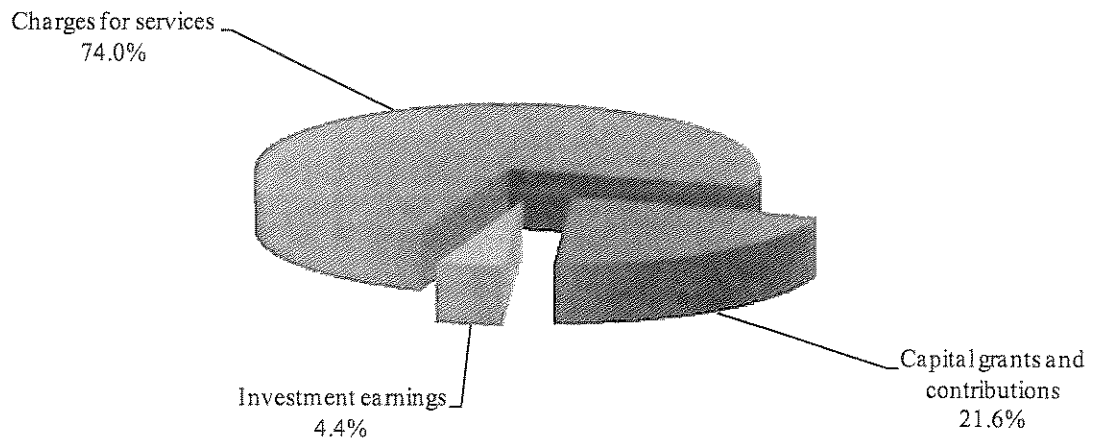
Business-type activities. Business-type activities decreased the City's net assets by \$170,500, therefore accounting for 24.9 of the total decrease in net assets. Key elements of this decrease are as follows:

The City's Sewer fund had one time permanent fund transfers of \$209,500.

### Expenses and Program Revenues - Business-type Activities



### Revenues by Source - Business-type Activities



## 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* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Activity in the City's major governmental funds is discussed below:

Major funds	Fund Balance (Deficit) December 31,		Increase (Decrease)
	2010	2009	
<b>General</b>	\$ 1,068,411	\$ 1,231,326	\$ (162,915)
The general fund balance has decreased mainly due to the budget cutting the City did in anticipation of lost funding. The fund balance is still strong relative to the following years budget (52 percent).			
<b>Debt Service</b>	\$ 2,102,681	\$ 3,803,087	\$ (1,700,406)
The debt service fund balance decreased \$1,700,406. The decrease is due to the crossover refunding payment of about \$2.5 million. This was anticipated since the City manages cash flow in all debt service funds and ensures adequate resources exist to fund future obligations			
<b>Park</b>	\$ (1,071,510)	\$ (242,837)	\$ (828,673)
The park fund balance decreased about \$829,000. This was mainly due to a transfer out in the amount of \$825,000 to the Pedestrian Ways Trail fund as part of an interfund loan.			
<b>2009 Street &amp; Utility Improvements</b>	\$ 47,918	\$ 759,316	\$ (711,398)
The decrease in fund balance (\$711,398), was mainly due to expenditures for the street and utility improvement project.			

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$2,837,564, a decrease of \$3,058,911 in comparison with the prior year. Approximately 25.7 percent of this total amount or \$729,670 constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to pay debt service and prepaid expenses in the amount of \$2,107,894.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$3,499,744. The total decrease in net assets for the funds was \$170,500. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

The City's General fund amended budget called for a \$156,830 decrease in fund balance. This was primarily driven by an advanced seal coating project and a capital equipment purchase. At year end, expenditures exceeded revenues and other financing sources by \$162,915, therefore falling reasonably close to the budgeted decrease in fund balance.

## Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of December 31, 2010, amounts to \$23,304,279 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges.

Major capital asset events during the current fiscal year included the following:

- Purchase of a new skid loader.
- Trail easements
- Completion of CSAH 14 – Anoka County project

Additional information on the City's capital assets can be found in Note 3D start on page 59 of this report.

### Capital Assets Net of Depreciation

	Governmental Activities			Business-type Activities		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
Land	\$ 3,308,023	\$ 3,253,120	\$ 54,903	\$ 196,255	\$ 186,000	\$ 10,255
Buildings	1,009,562	1,046,852	(37,290)	389,850	398,130	(8,280)
Construction in progress	4,038,169	4,469,754	(431,585)	-	-	-
Infrastructure	7,374,440	6,635,508	738,932	6,498,897	6,793,611	(294,714)
Machinery and equipment	388,076	423,881	(35,805)	101,007	125,148	(24,141)
<b>Total</b>	<b>\$ 16,118,270</b>	<b>\$ 15,829,115</b>	<b>\$ 289,155</b>	<b>\$ 7,186,009</b>	<b>\$ 7,502,889</b>	<b>\$ (316,880)</b>

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$10,809,439. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City. The decrease was mainly due to the crossover refunding bond payment of \$2,565,000 and other scheduled principal payments.

### Outstanding Debt

	Governmental Activities			Business-type Activities		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
General obligation bonds	\$ 10,809,439	\$ 13,691,543	\$ (2,882,104)	\$ -	\$ -	\$ -
Compensated absences payable	43,147	33,859	9,288	13,897	11,967	1,930
Other postemployment benefits payable	-	14,768	(14,768)	-	4,664	(4,664)
<b>Total</b>	<b>\$ 10,852,586</b>	<b>\$ 13,740,170</b>	<b>\$ (2,887,584)</b>	<b>\$ 13,897</b>	<b>\$ 16,631</b>	<b>\$ (2,734)</b>

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The taxable market value totals \$342,844,400, which calculates to a debt margin of \$10,285,332. Debt financed partially or entirely by special assessments is not applied against the City's debt limit, nor is debt financed by proprietary fund revenues. Currently the City has \$609,439 of general obligation debt outstanding leaving a debt margin of \$9,675,893.

Additional information on the City's long-term debt can be found in Note 3F start on page 61 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

- Residential building activity is expected to continue its slowdown reflecting the metropolitan twin cities area construction downturn.
- Reduced payments from the State of Minnesota in regards to the Market Value Homestead Credit will cause more difficulty in providing services at current levels.

All of these factors were considered in preparing the City's budget for the 2011 fiscal year.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, City of Centerville, 1880 Main Street, Centerville, Minnesota, 55038.

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GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

CITY OF CENTERVILLE  
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2010

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CITY OF CENTERVILLE, MINNESOTA  
STATEMENT OF NET ASSETS  
DECEMBER 31, 2010

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and temporary investments	\$ 4,922,253	\$ 1,320,924	\$ 6,243,177
Receivables			
Accrued interest	15,122	-	15,122
Delinquent taxes	107,883	-	107,883
Accounts	61,651	183,782	245,433
Special assessments	2,173,970	144,382	2,318,352
Due from other governments	133,582	-	133,582
Internal balances	(1,928,474)	1,928,474	-
Inventories	-	3,411	3,411
Prepaid items	13,709	16,323	30,032
Deferred charges	154,694	-	154,694
Capital assets not being depreciated	7,346,192	196,255	7,542,447
Capital assets net of accumulated depreciation	8,772,078	6,989,754	15,761,832
<b>TOTAL ASSETS</b>	<b>21,772,660</b>	<b>10,783,305</b>	<b>32,555,965</b>
<b>LIABILITIES</b>			
Accounts payable	92,527	1,694	94,221
Accrued salaries payable	26,592	7,292	33,884
Contracts payable	71,119	-	71,119
Due to other governments	114	3,038	3,152
Accrued interest payable	134,750	-	134,750
Deposits payable	46,301	-	46,301
Unearned revenue	188,500	-	188,500
Noncurrent liabilities - due within one year			
Compensated absences payable	37,429	12,384	49,813
Bonds payable	843,854	-	843,854
Noncurrent liabilities - Due in more than one year			
Compensated absences payable	5,718	1,513	7,231
Bonds payable	9,965,585	-	9,965,585
<b>TOTAL LIABILITIES</b>	<b>11,412,489</b>	<b>25,921</b>	<b>11,438,410</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	5,308,831	7,186,009	12,494,840
Restricted for			
Future expansion	-	71,631	71,631
Debt service	4,010,824	-	4,010,824
Unrestricted	1,040,516	3,499,744	4,540,260
<b>TOTAL NET ASSETS</b>	<b>\$ 10,360,171</b>	<b>\$ 10,757,384</b>	<b>\$ 21,117,555</b>

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

CITY OF CENTERVILLE, MINNESOTA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities</b>				
General government	\$ 536,362	\$ 59,813	\$ -	\$ -
Public safety	1,059,361	161,219	70,655	-
Public works	1,333,377	165,208	-	232,360
Culture and recreation	231,500	13,207	-	-
Economic development	15,078	2,930	150	-
Interest on long-term debt	469,258	-	-	-
<b>Total governmental activities</b>	<b>3,644,936</b>	<b>402,377</b>	<b>70,805</b>	<b>232,360</b>
<b>Business-type activities</b>				
Water	345,071	305,068	-	165,918
Sewer	422,596	319,947	-	35,202
Storm water	122,475	62,392	-	-
<b>Total business-type activities</b>	<b>890,142</b>	<b>687,407</b>	<b>-</b>	<b>201,120</b>
<b>Total</b>	<b>\$ 4,535,078</b>	<b>\$ 1,089,784</b>	<b>\$ 70,805</b>	<b>\$ 433,480</b>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Gambling taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

Transfers - internal activities

Total general revenues and transfers

Change in net assets

Net assets, January 1

Net assets, December 31

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

Net (Expenses) Revenues  
and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (476,549)	\$ -	\$ (476,549)
(827,487)	-	(827,487)
(935,809)	-	(935,809)
(218,293)	-	(218,293)
(11,998)	-	(11,998)
(469,258)	-	(469,258)
<u>(2,939,394)</u>	<u>-</u>	<u>(2,939,394)</u>
-	125,915	125,915
-	(67,447)	(67,447)
<u>-</u>	<u>(60,083)</u>	<u>(60,083)</u>
<u>-</u>	<u>(1,615)</u>	<u>(1,615)</u>
<u>(2,939,394)</u>	<u>(1,615)</u>	<u>(2,941,009)</u>
1,678,293	-	1,678,293
482,219	-	482,219
753	-	753
18,665	-	18,665
31,954	40,615	72,569
4,692	-	4,692
<u>209,500</u>	<u>(209,500)</u>	<u>-</u>
<u>2,426,076</u>	<u>(168,885)</u>	<u>2,257,191</u>
(513,318)	(170,500)	(683,818)
<u>10,873,489</u>	<u>10,927,884</u>	<u>21,801,373</u>
<u>\$ 10,360,171</u>	<u>\$ 10,757,384</u>	<u>\$ 21,117,555</u>

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FUND  
FINANCIAL STATEMENTS  
CITY OF CENTERVILLE  
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2010

CITY OF CENTERVILLE, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2010

	101	300's
	General	Debt Service
<b>ASSETS</b>		
Cash and temporary investments	\$ 1,608,058	\$ 2,425,903
Receivables		
Accrued interest	15,122	-
Delinquent taxes	104,674	3,209
Accounts	11,366	8,593
Special assessments	100,918	2,073,052
Due from other governments	18,735	-
Prepaid items	5,213	6,151
TOTAL ASSETS	\$ 1,864,086	\$ 4,516,908
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 126,444	\$ -
Accrued salaries payable	26,203	-
Advances from other funds	448,828	371,334
Due to other governments	114	-
Contracts payable	-	-
Deferred revenue	194,086	2,042,893
TOTAL LIABILITIES	795,675	2,414,227
<b>FUND BALANCES (DEFICITS)</b>		
Reserved for		
Debt service	-	2,096,530
Prepaid items	5,213	6,151
Unreserved		
Designated for, reported in the General fund		
Working capital	1,063,198	-
Undesignated, reported in		
Special revenue funds	-	-
Capital projects funds	-	-
TOTAL FUND BALANCES (DEFICITS)	1,068,411	2,102,681
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 1,864,086	\$ 4,516,908

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



402	451		
Park	2009 Street & Utility Improvements	Other Governmental Funds	Total Governmental Funds
\$ 36,802	\$ 114,888	\$ 736,602	\$ 4,922,253
-	-	-	15,122
-	-	-	107,883
-	-	41,692	61,651
-	-	114,847	2,288,817
-	-	-	18,735
-	-	2,345	13,709
<u>\$ 36,802</u>	<u>\$ 114,888</u>	<u>\$ 895,486</u>	<u>\$ 7,428,170</u>
\$ -	\$ 1,251	\$ 11,133	\$ 138,828
-	-	389	26,592
1,108,312	-	-	1,928,474
-	-	-	114
-	65,719	5,400	71,119
-	-	188,500	2,425,479
<u>1,108,312</u>	<u>66,970</u>	<u>205,422</u>	<u>4,590,606</u>
-	-	-	2,096,530
-	-	-	11,364
-	-	-	1,063,198
-	-	24,662	24,662
(1,071,510)	47,918	665,402	(358,190)
<u>(1,071,510)</u>	<u>47,918</u>	<u>690,064</u>	<u>2,837,564</u>
<u>\$ 36,802</u>	<u>\$ 114,888</u>	<u>\$ 895,486</u>	<u>\$ 7,428,170</u>

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CITY OF CENTERVILLE, MINNESOTA  
 RECONCILIATION OF THE BALANCE SHEET  
 TO THE STATEMENT OF NET ASSETS  
 GOVERNMENTAL FUNDS  
 DECEMBER 31, 2010

Total fund balances - governmental	\$ 2,837,564
Amounts reported for the governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	20,120,390
Less: accumulated depreciation	(4,002,120)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year end consist of:	
Bond principal payable	(10,809,439)
Less deferred charges net of accumulated amortization	154,694
Compensated absences payable	(43,147)
Other postemployment benefits payable	-
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the funds	
Special assessments	2,143,811
Delinquent taxes	93,168
Governmental funds do not report a liability for accrued interest until due and payable	(134,750)
Total net assets - governmental activities	\$ 10,360,171

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

CITY OF CENTERVILLE, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	101	300's
	General	Debt Service
REVENUES		
Taxes		
General property	\$ 1,651,153	\$ 482,219
Gambling	753	-
Licenses and permits	97,207	-
Intergovernmental	155,003	55,789
Charges for services	4,408	-
Fines and forfeitures	36,028	-
Special assessments	28,090	630,591
Interest on investments	13,677	21,713
Miscellaneous	21,325	4,600
	2,007,644	1,194,912
TOTAL REVENUES		
EXPENDITURES		
Current		
General government	518,632	-
Public safety	1,054,045	-
Public works	354,194	-
Culture and recreation	84,961	-
Economic development	399	-
Capital outlay		
General government	3,601	-
Public works	174,584	-
Culture and recreation	-	-
Debt service		
Principal	-	2,882,104
Interest and other	6,633	475,515
	2,197,049	3,357,619
TOTAL EXPENDITURES		
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(189,405)	(2,162,707)
OTHER FINANCING SOURCES (USES)		
Transfers in	26,490	462,301
Transfers out	-	-
	26,490	462,301
TOTAL OTHER FINANCING SOURCES (USES)		
NET CHANGE IN FUND BALANCES	(162,915)	(1,700,406)
FUND BALANCES (DEFICITS), JANUARY 1	1,231,326	3,803,087
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 1,068,411	\$ 2,102,681

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

402 Park	451 2009 Street & Utility Improvements	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 14,679	\$ 2,148,051
-	-	-	753
-	-	-	97,207
-	-	327,013	537,805
-	-	-	4,408
-	-	-	36,028
-	850	-	659,531
514	5,701	6,657	48,262
-	-	12,157	38,082
<u>514</u>	<u>6,551</u>	<u>360,506</u>	<u>3,570,127</u>
-	-	-	518,632
-	-	-	1,054,045
-	-	450	354,644
-	-	8,578	93,539
-	-	14,679	15,078
-	-	-	3,601
-	698,689	428,929	1,302,202
-	-	128,358	128,358
-	-	-	2,882,104
4,187	-	-	486,335
<u>4,187</u>	<u>698,689</u>	<u>580,994</u>	<u>6,838,538</u>
<u>(3,673)</u>	<u>(692,138)</u>	<u>(220,488)</u>	<u>(3,268,411)</u>
-	-	935,000	1,423,791
(825,000)	(19,260)	(370,031)	(1,214,291)
<u>(825,000)</u>	<u>(19,260)</u>	<u>564,969</u>	<u>209,500</u>
(828,673)	(711,398)	344,481	(3,058,911)
<u>(242,837)</u>	<u>759,316</u>	<u>345,583</u>	<u>5,896,475</u>
<u>\$ (1,071,510)</u>	<u>\$ 47,918</u>	<u>\$ 690,064</u>	<u>\$ 2,837,564</u>

CITY OF CENTERVILLE, MINNESOTA  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES (DEFICITS)  
 TO THE STATEMENT OF ACTIVITIES  
 GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

Net change in fund balances - governmental funds \$ (3,058,911)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlay	795,975
Depreciation expense	(505,460)
Book value on disposal of assets	(1,360)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal repayments	2,882,104
Amortization of deferred charges	(14,257)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.

15,026

Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.

Special assessments	(644,162)
Property taxes	12,461

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

Compensated absences payable	(13,789)
Other postemployment benefits payable	19,055

Change in net assets - governmental activities \$ (513,318)

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

CITY OF CENTERVILLE, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes				
General property	\$ 1,646,561	\$ 1,653,000	\$ 1,651,153	\$ (1,847)
Gambling	-	-	753	753
Licenses and permits	131,500	96,650	97,207	557
Intergovernmental	177,883	154,550	155,003	453
Charges for services	2,000	4,600	4,408	(192)
Fines and forfeitures	33,500	33,500	36,028	2,528
Special assessments	-	28,000	28,090	90
Interest on investments	30,000	20,000	13,677	(6,323)
Miscellaneous	136,500	37,300	21,325	(15,975)
<b>TOTAL REVENUES</b>	<u>2,157,944</u>	<u>2,027,600</u>	<u>2,007,644</u>	<u>(19,956)</u>
<b>EXPENDITURES</b>				
Current				
General government	543,654	513,130	518,632	(5,502)
Public safety	1,089,753	1,052,750	1,054,045	(1,295)
Public works	250,208	348,500	354,194	(5,694)
Culture and recreation	73,386	80,600	84,961	(4,361)
Economic development	2,000	600	399	201
Miscellaneous	5,500	5,850	-	5,850
Capital outlay	83,093	176,500	178,185	(1,685)
Debt service	-	6,500	6,633	(133)
<b>TOTAL EXPENDITURES</b>	<u>2,047,594</u>	<u>2,184,430</u>	<u>2,197,049</u>	<u>(12,619)</u>
<b>DEFICIENCY OF REVENUES UNDER EXPENDITURES</b>	<u>110,350</u>	<u>(156,830)</u>	<u>(189,405)</u>	<u>(32,575)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	26,490	26,490
Transfers out	(99,500)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(99,500)</u>	<u>-</u>	<u>26,490</u>	<u>26,490</u>
<b>NET CHANGE IN FUND BALANCES</b>	10,850	(156,830)	(162,915)	(6,085)
<b>FUND BALANCES, JANUARY 1</b>	<u>1,231,326</u>	<u>1,231,326</u>	<u>1,231,326</u>	<u>-</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 1,242,176</u>	<u>\$ 1,074,496</u>	<u>\$ 1,068,411</u>	<u>\$ (6,085)</u>

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

CITY OF CENTERVILLE, MINNESOTA  
STATEMENTS OF NET ASSETS  
PROPRIETARY FUNDS  
DECEMBER 31, 2010 AND 2009

	Business-type Activities - Enterprise Funds			
	601 Water		602 Sewer	
	2010	2009	2010	2009
ASSETS				
CURRENT ASSETS				
Cash and temporary investments	\$ 961,881	\$ 663,584	\$ 169,273	\$ 1,046,290
Receivables				
Accounts	70,995	68,393	94,349	94,151
Special assessments				
Current	158	-	158	-
Delinquent	6,124	4,438	-	689
Advances to other funds	-	-	2,038,474	1,087,167
Inventories	3,411	3,469	-	-
Prepaid items	-	-	16,323	15,217
TOTAL CURRENT ASSETS	<u>1,042,569</u>	<u>739,884</u>	<u>2,318,577</u>	<u>2,243,514</u>
NONCURRENT ASSETS				
Special assessments receivable - deferred	85,639	83,851	52,303	49,118
Capital assets				
Land	72,255	62,000	124,000	124,000
Buildings	138,000	138,000	276,000	276,000
Infrastructure	4,966,141	4,966,141	3,442,482	3,442,482
Machinery and equipment	187,200	191,118	96,742	98,099
Less accumulated depreciation	(1,420,254)	(1,243,846)	(1,300,445)	(1,182,877)
Net capital assets	<u>3,943,342</u>	<u>4,113,413</u>	<u>2,638,779</u>	<u>2,757,704</u>
TOTAL NONCURRENT ASSETS	<u>4,028,981</u>	<u>4,197,264</u>	<u>2,691,082</u>	<u>2,806,822</u>
TOTAL ASSETS	<u>5,071,550</u>	<u>4,937,148</u>	<u>5,009,659</u>	<u>5,050,336</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	1,228	1,484	466	227
Accrued salaries payable	3,380	3,145	3,380	3,145
Due to other governments	959	817	2,079	-
Compensated absences payable	6,348	5,429	6,348	5,429
Unearned revenue	-	-	-	-
TOTAL CURRENT LIABILITIES	<u>11,915</u>	<u>10,875</u>	<u>12,273</u>	<u>8,801</u>
NONCURRENT LIABILITIES				
Advances from other funds	-	-	-	-
Other postemployment benefits payable	-	2,332	-	2,332
TOTAL NONCURRENT LIABILITIES	<u>-</u>	<u>2,332</u>	<u>-</u>	<u>2,332</u>
TOTAL LIABILITIES	<u>11,915</u>	<u>13,207</u>	<u>12,273</u>	<u>11,133</u>
NET ASSETS				
Invested in capital assets	3,943,342	4,113,413	2,638,779	2,757,704
Restricted for future expansion	-	-	71,631	71,631
Unrestricted	1,116,293	810,528	2,286,976	2,209,868
TOTAL NET ASSETS	<u>\$ 5,059,635</u>	<u>\$ 4,923,941</u>	<u>\$ 4,997,386</u>	<u>\$ 5,039,203</u>

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



Business-type Activities - Enterprise Funds - Continued

415		617		Totals	
Storm Water		Recycling			
2010	2009	2010	2009	2010	2009
\$ 189,770	\$ 566,773	\$ -	\$ -	\$ 1,320,924	\$ 2,276,647
18,438	18,212	-	-	183,782	180,756
-	-	-	-	316	-
-	-	-	-	6,124	5,127
-	-	-	-	2,038,474	1,087,167
-	-	-	-	3,411	3,469
-	-	-	-	16,323	15,217
<u>208,208</u>	<u>584,985</u>	<u>-</u>	<u>-</u>	<u>3,569,354</u>	<u>3,568,383</u>
-	-	-	-	137,942	132,969
-	-	-	-	196,255	186,000
-	-	-	-	414,000	414,000
-	-	-	-	8,408,623	8,408,623
697,106	697,106	-	-	981,048	986,323
(93,218)	(65,334)	-	-	(2,813,917)	(2,492,057)
<u>603,888</u>	<u>631,772</u>	<u>-</u>	<u>-</u>	<u>7,186,009</u>	<u>7,502,889</u>
<u>603,888</u>	<u>631,772</u>	<u>-</u>	<u>-</u>	<u>7,323,951</u>	<u>7,635,858</u>
<u>812,096</u>	<u>1,216,757</u>	<u>-</u>	<u>-</u>	<u>10,893,305</u>	<u>11,204,241</u>
-	895	-	-	1,694	2,606
532	513	-	-	7,292	6,803
-	-	-	-	3,038	817
1,201	1,109	-	-	13,897	11,967
-	249,500	-	-	-	249,500
<u>1,733</u>	<u>252,017</u>	<u>-</u>	<u>-</u>	<u>25,921</u>	<u>271,693</u>
110,000	-	-	-	110,000	-
-	-	-	-	-	4,664
<u>110,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,000</u>	<u>4,664</u>
<u>111,733</u>	<u>252,017</u>	<u>-</u>	<u>-</u>	<u>135,921</u>	<u>276,357</u>
603,888	631,772	-	-	7,186,009	7,502,889
-	-	-	-	71,631	71,631
<u>96,475</u>	<u>332,968</u>	<u>-</u>	<u>-</u>	<u>3,499,744</u>	<u>3,353,364</u>
<u>\$ 700,363</u>	<u>\$ 964,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,757,384</u>	<u>\$ 10,927,884</u>

CITY OF CENTERVILLE, MINNESOTA  
 STATEMENTS OF REVENUES, EXPENSES AND  
 CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	Business-type Activities - Enterprise Funds			
	601		602	
	Water		Sewer	
	2010	2009	2010	2009
OPERATING REVENUES				
Charges for services	\$ 305,056	\$ 298,999	\$ 319,947	\$ 322,369
OPERATING EXPENSES				
Salaries and benefits	90,448	90,959	90,334	88,055
Supplies	20,248	35,488	1,522	2,968
Other services and charges	38,982	47,481	26,233	52,061
Utilities	15,068	13,005	2,977	2,877
MCES - disposal charges	-	-	182,604	176,048
Depreciation	180,325	180,326	118,926	118,927
TOTAL OPERATING EXPENSES	345,071	367,259	422,596	440,936
OPERATING LOSS	(40,015)	(68,260)	(102,649)	(118,567)
NONOPERATING REVENUES (EXPENSES)				
Interest earnings	9,779	21,070	25,630	54,752
Special assessments	109,992	22,960	23,889	19,213
Hook up fees and unit charges	55,926	5,485	11,313	8,136
Miscellaneous revenue	12	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	175,709	49,515	60,832	82,101
INCOME (LOSS) BEFORE TRANSFERS	135,694	(18,745)	(41,817)	(36,466)
TRANSFERS OUT	-	(229,121)	-	(140,492)
CHANGE IN NET ASSETS	135,694	(247,866)	(41,817)	(176,958)
NET ASSETS, JANUARY 1	4,923,941	5,171,807	5,039,203	5,216,161
NET ASSETS, DECEMBER 31	\$ 5,059,635	\$ 4,923,941	\$ 4,997,386	\$ 5,039,203

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

Business-type Activities - Enterprise Funds - Continued

415 Storm Water		617 Recycling		Totals	
2010	2009	2010	2009	2010	2009
\$ 62,392	\$ 61,911	\$ -	\$ -	\$ 687,395	\$ 683,279
18,299	13,029	-	-	199,081	192,043
1,269	-	-	-	23,039	38,456
75,023	44,255	-	11,238	140,238	155,035
-	-	-	-	18,045	15,882
-	-	-	-	182,604	176,048
27,884	27,884	-	-	327,135	327,137
122,475	85,168	-	11,238	890,142	904,601
(60,083)	(23,257)	-	(11,238)	(202,747)	(221,322)
5,206	17,846	-	-	40,615	93,668
-	-	-	-	133,881	42,173
-	-	-	-	67,239	13,621
-	-	-	-	12	-
5,206	17,846	-	-	241,747	149,462
(54,877)	(5,411)	-	(11,238)	39,000	(71,860)
(209,500)	(99,500)	-	-	(209,500)	(469,113)
(264,377)	(104,911)	-	(11,238)	(170,500)	(540,973)
964,740	1,069,651	-	11,238	10,927,884	11,468,857
<u>\$ 700,363</u>	<u>\$ 964,740</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,757,384</u>	<u>\$ 10,927,884</u>

CITY OF CENTERVILLE, MINNESOTA  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS  
YEARS ENDED DECEMBER 31, 2010 AND 2009

	Business-type Activities - Enterprise Funds			
	601		602	
	Water		Sewer	
	2010	2009	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 302,466	\$ 287,418	\$ 319,749	\$ 314,753
Payments to suppliers	(76,686)	(93,724)	(214,456)	(233,854)
Payments to employees	(89,294)	(88,881)	(89,180)	(85,975)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>136,486</u>	<u>104,813</u>	<u>16,113</u>	<u>(5,076)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Increase (decrease) in advances to other funds	-	-	(951,307)	(360,007)
Grants received	-	-	-	-
Transfers to other funds	-	(229,121)	-	(140,492)
<b>NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>-</u>	<u>(229,121)</u>	<u>(951,307)</u>	<u>(500,499)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	(10,255)	-	-	-
Hook up fees and unit charges received	55,926	5,485	11,313	8,136
Special assessments received	106,360	27,396	21,235	16,302
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>152,031</u>	<u>32,881</u>	<u>32,548</u>	<u>24,438</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received on investments	9,780	21,070	25,629	54,752
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	298,297	(70,357)	(877,017)	(426,385)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>663,584</u>	<u>733,941</u>	<u>1,046,290</u>	<u>1,472,675</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ 961,881</u>	<u>\$ 663,584</u>	<u>\$ 169,273</u>	<u>\$ 1,046,290</u>

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

Business-type Activities - Enterprise Funds - Continued

415		617		Totals	
Storm Water		Recycling			
2010	2009	2010	2009	2010	2009
\$ 62,166	\$ 52,410	\$ -	\$ -	\$ 684,381	\$ 654,581
(77,187)	(43,860)	-	(11,238)	(368,329)	(382,676)
(18,188)	(12,763)	-	-	(196,662)	(187,619)
(33,209)	(4,213)	-	(11,238)	119,390	84,286
110,000	-	-	-	(841,307)	(360,007)
(249,500)	-	-	-	(249,500)	-
(209,500)	(99,500)	-	-	(209,500)	(469,113)
(349,000)	(99,500)	-	-	(1,300,307)	(829,120)
-	-	-	-	(10,255)	-
-	-	-	-	67,239	13,621
-	-	-	11,238	127,595	54,936
-	-	-	11,238	184,579	68,557
5,206	17,846	-	-	40,615	93,668
(377,003)	(85,867)	-	-	(955,723)	(582,609)
566,773	652,640	-	-	2,276,647	2,859,256
<u>\$ 189,770</u>	<u>\$ 566,773</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,320,924</u>	<u>\$ 2,276,647</u>

CITY OF CENTERVILLE, MINNESOTA  
 STATEMENTS OF CASH FLOWS - CONTINUED  
 PROPRIETARY FUNDS  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	Business-type Activities - Enterprise Funds			
	601 Water		602 Sewer	
	2010	2009	2010	2009
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating loss	\$ (40,015)	\$ (68,260)	\$ (102,649)	\$ (118,567)
Other income related to operations	12	-	-	-
Adjustments to reconcile operating loss to net cash provided (used) by operating activities				
Depreciation	180,325	180,326	118,926	118,927
(Increase) decrease in assets:				
Accounts receivable	(2,602)	(11,581)	(198)	(7,616)
Inventories	58	5,018	-	-
Prepaid items	-	-	(1,106)	(551)
Increase (decrease) in liabilities:				
Accounts payable	(256)	(5,918)	239	(23)
Accrued salaries payable	235	952	235	954
Compensated absences payable	919	1,126	919	1,126
Other postemployment benefits payable	(2,332)	2,332	(2,332)	2,332
Due to other governments	142	818	2,079	(1,658)
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ 136,486</u>	 <u>\$ 104,813</u>	 <u>\$ 16,113</u>	 <u>\$ (5,076)</u>

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

Business-type Activities - Enterprise Funds - Continued

415		617		Totals	
Storm water		Recycling			
2010	2009	2010	2009	2010	2009
\$ (60,083)	\$ (23,257)	\$ -	\$ (11,238)	\$ (202,747)	\$ (221,322)
-	-	-	-	12	-
27,884	27,884	-	-	327,135	327,137
(226)	(9,501)	-	-	(3,026)	(28,698)
-	-	-	-	58	5,018
-	-	-	-	(1,106)	(551)
(895)	395	-	-	(912)	(5,546)
19	159	-	-	489	2,065
92	107	-	-	1,930	2,359
-	-	-	-	(4,664)	4,664
-	-	-	-	2,221	(840)
<u>\$ (33,209)</u>	<u>\$ (4,213)</u>	<u>\$ -</u>	<u>\$ (11,238)</u>	<u>\$ 119,390</u>	<u>\$ 84,286</u>

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CITY OF CENTERVILLE, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**A. Reporting entity**

The City of Centerville, Minnesota (the City), operates under the "Optional Plan A" form of government as defined in the State of Minnesota statutes. Under this plan, the government of the City is directed by a Council composed of an elected Mayor and four elected Council Members. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The City does not have any component units.

**B. Government-wide and fund financial statements**

The government-wide financial statements (statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 claims and judgments, are recorded only when payment is due.

CITY OF CENTERVILLE, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Property taxes, franchise taxes, licenses and interest 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue in the fund financial statements.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City reports the following major governmental funds:

The *General fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Debt Service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Park fund* captures all park capital items and receives all the City's park dedication fees.

The *2009 Street and Utility Improvements fund* accounts for the resources accumulated and payments made for the street and utility improvements started in 2009.

The City reports the following major proprietary funds:

The *Water fund* accounts for the activities of the water distribution system the City maintains.

The *Sewer fund* accounts for the activities of the City's sewage collection operations.

The *Storm Water fund* accounts for the activities of the City's storm water collection operations.

CITY OF CENTERVILLE, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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 City enterprise funds are charges to customers for sales and services. 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, liabilities and net assets or equity**

***Deposits and investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.

CITY OF CENTERVILLE, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

6. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
7. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
8. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

*Accounts receivable*

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2010. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

*Interfund receivables and payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

*Property taxes*

The Council annually adopts a tax levy in December and certifies it to the County for collection in the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Auditor and tax settlements are made to the City during January, July and December each year.

CITY OF CENTERVILLE, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Taxes payable on homestead property, as defined by Minnesota statutes, were partially reduced by a market value credit aid. The credit is paid to the City by the State of Minnesota (the State) in lieu of taxes levied against the homestead property. The State remits this credit in two equal installments in October and December each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred revenue liability for delinquent taxes not received within 60 days after year end in the fund financial statements.

*Special assessments*

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental fund special assessments receivable are offset by a deferred revenue liability in the fund financial statements.

*Inventories and prepaid items*

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

*Capital assets*

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

CITY OF CENTERVILLE, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Property, plant and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Land improvements	4 to 25
Other improvements	10 to 20
Buildings and improvements	10 to 50
System improvements/infrastructure	20 to 50
Machinery and equipment	3 to 20
Vehicles	3 to 10
Other assets	3 to 15

***Compensated absences***

It is the City's policy to permit employees to accumulate earned but unused paid time off benefits to a maximum of 192 hours. All paid time off pay is accrued when incurred in the government-wide and proprietary funds. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Union employees are allowed severance equal to their unused compensatory time. In governmental fund types the cost of these benefits is recognized when payments are made to the employees. The General fund is typically used to liquidate governmental compensated absences.

***Long-term obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Beginning January 1, 2003, for governmental funds, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized 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. Premiums received on debt issuances are 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.

***Fund equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF CENTERVILLE, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Net assets*

Net assets represent the difference between assets and liabilities. Net assets are displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net assets - Consist of net assets restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

*Comparative data/reclassifications*

Comparative total data for the prior year have been presented only for the individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

**Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary information**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund. All annual appropriations lapse at fiscal year end. The City does not use encumbrance accounting.

In May of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 15th, the proposed budget is presented to the Council for review. The Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City's department heads, with the approval of the City Administrator, may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Council. The legal level of budgetary control is the department level. The budget was amended during the year. These amendments results in a projected decrease in fund balance of \$156,830, compared to an original budgeted increase in fund balance of \$10,850.

**B. Excess of expenditures over appropriations**

For the year ended December 31, 2010, expenditures exceeded appropriations in the following fund:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Excess of Expenditures Over Appropriations</u>
General	<u>\$ 2,184,430</u>	<u>\$ 2,197,049</u>	<u>\$ (12,619)</u>

These over expenditures were funded by transfers from other funds.

CITY OF CENTERVILLE, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

**Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED**

**C. Deficit fund equity**

The following funds had a deficit fund balance as of December 31, 2010:

Fund	Amount
Major Funds	
Capital projects	
Park	\$ 1,071,510
Nonmajor Funds	
Capital projects	
CDBG Water Services	5,400

These deficits will be eliminated with future transfers.

**Note 3: DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

*Deposits*

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.



CITY OF CENTERVILLE, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

At year end, the City's carrying amount of deposits was \$5,993,555 and the bank balance was \$6,103,388. Of the bank balance, \$250,000 was covered by federal depository insurance and \$5,853,388 was covered by collateral held by the City's agent in the City's name.

Carrying amount of deposits	\$ 5,993,555
Investments	249,273
Petty cash	<u>349</u>
Total	<u><u>\$ 6,243,177</u></u>

A reconciliation of cash and temporary investments as shown on the statement of net assets for the City follows.

**Investments**

As of December 31, 2010, the City had the following investments that are insured or registered, or securities held by the City or its agent in the City's name.

Investment Type	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Concentration of Credit Risk	Fair Value and Carrying Amount
Pooled investments				
Broker money market	N/A	N/A	N/A	\$ 1,273
Nonpooled investments				
Brokered CDs	N/A	1 - 3 years	99%	<u>248,000</u>
Total investments				<u><u>\$ 249,273</u></u>

1. Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.
  2. Interest rate risk is disclosed using the segmented time distribution method.
- N/A Indicates not applicable or available.

The investments of the City are subject to the following risks:

- *Credit Risk.* The credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota Statutes limit the City's investments to the list on pages 24 - 25 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Generally, the City limits its securities purchases to those insured and registered under the City's name.
- *Concentration of Credit Risk.* The concentration of credit risk for investments is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City has 99 percent of its portfolio invested in brokered CD's at year end.
- *Interest rate risk.* The interest rate risk for investments is the risk that changes in interest rates will adversely affect the fair value of an investment.

The City does not currently have a formal investment policy that addresses the above mentioned risks.

CITY OF CENTERVILLE, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Deferred revenue

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

	<u>Unavailable</u>	<u>Unearned</u>
General fund		
Taxes receivable	\$ 93,168	\$ -
Special assessments receivable	100,918	-
Debt service funds		
Special assessments receivable	2,042,893	-
Non-major governmental funds		
Unearned grant	-	188,500
 Total	 \$ 2,236,979	 \$ 188,500

CITY OF CENTERVILLE, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

D. Capital assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 3,253,120	\$ 54,903	\$ -	\$ 3,308,023
Construction in progress	4,469,754	713,609	(1,145,194)	4,038,169
Total capital assets not being depreciated	<u>7,722,874</u>	<u>768,512</u>	<u>(1,145,194)</u>	<u>7,346,192</u>
Capital assets being depreciated				
Buildings	1,627,438	-	-	1,627,438
Infrastructure	9,204,462	1,145,194	-	10,349,656
Machinery and equipment	786,741	27,463	(17,100)	797,104
Total capital assets being depreciated	<u>11,618,641</u>	<u>1,172,657</u>	<u>(17,100)</u>	<u>12,774,198</u>
Less accumulated depreciation for				
Buildings	(580,586)	(37,290)	-	(617,876)
Infrastructure	(2,568,954)	(406,262)	-	(2,975,216)
Machinery and equipment	(362,860)	(61,908)	15,740	(409,028)
Total accumulated depreciation	<u>(3,512,400)</u>	<u>(505,460)</u>	<u>15,740</u>	<u>(4,002,120)</u>
Total capital assets being depreciated, net	<u>8,106,241</u>	<u>667,197</u>	<u>(1,360)</u>	<u>8,772,078</u>
Governmental activities capital assets, net	<u>\$ 15,829,115</u>	<u>\$ 1,435,709</u>	<u>\$ (1,146,554)</u>	<u>\$ 16,118,270</u>

CITY OF CENTERVILLE, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated				
Land	\$ 186,000	\$ 10,255	\$ -	\$ 196,255
Capital assets being depreciated				
Buildings	414,000	-	-	414,000
Infrastructure	9,105,729	-	-	9,105,729
Machinery and equipment	289,217	-	(5,275)	283,942
Total capital assets being depreciated	9,808,946	-	(5,275)	9,803,671
Less accumulated depreciation for				
Buildings	(15,870)	(8,280)	-	(24,150)
Infrastructure	(2,312,118)	(294,714)	-	(2,606,832)
Machinery and equipment	(164,069)	(24,141)	5,275	(182,935)
Total accumulated depreciation	(2,492,057)	(327,135)	5,275	(2,813,917)
Total capital assets being depreciated, net	7,316,889	(327,135)	-	6,989,754
Business-type activities capital assets, net	<u>\$ 7,502,889</u>	<u>\$ (316,880)</u>	<u>\$ -</u>	<u>\$ 7,186,009</u>

Depreciation expense was charged to functions/programs of the City as follows:

<b>Governmental activities</b>		
General government		\$ 16,445
Public safety		6,887
Public works		417,129
Culture and recreation		64,999
Total depreciation expense - governmental activities		<u>\$ 505,460</u>
<b>Business-type activities</b>		
Water		\$ 180,325
Sewer		118,926
Storm water		27,884
Total depreciation expense - business-type activities		<u>\$ 327,135</u>

CITY OF CENTERVILLE, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**E. Long-term debt**

*General obligation bonds*

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

*General obligation improvement bonds*

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments collections and tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2004B	\$ 2,200,000	3.60 - 4.40 %	06/01/04	02/01/20	\$ 1,595,000
G.O. Improvement Bonds of 2005	827,750	3.50 - 4.30	04/27/05	01/01/21	609,439
G.O. Improvement Bonds of 2007A	2,600,000	3.60 - 4.25	12/01/07	06/01/23	2,460,000
G.O. Improvement Bonds of 2009A	3,715,000	2.3 - 5.60	08/19/09	08/01/25	3,715,000
G.O. Crossover Bonds of 2009B	2,430,000	2.00 - 3.00	10/29/09	09/01/18	<u>2,430,000</u>
Total General Obligation Improvement Bonds					<u>\$ 10,809,439</u>

Annual debt service requirements for general obligation improvement bonds are as follows:

Year Ending December 31,	General Obligation Improvement Bonds Governmental Activities		
	Principal	Interest	Total
2011	\$ 843,854	\$ 414,382	\$ 1,258,236
2012	635,604	397,600	1,033,204
2013	658,958	377,942	1,036,900
2014	805,854	354,709	1,160,563
2015	834,208	327,575	1,161,783
2016-2020	4,804,833	1,050,688	5,855,521
2021-2025	<u>2,226,128</u>	<u>253,557</u>	<u>2,479,685</u>
Total	<u>\$ 10,809,439</u>	<u>\$ 3,176,453</u>	<u>\$ 13,985,892</u>

CITY OF CENTERVILLE, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

*Changes in Long-term Liabilities.* During the year ended December 31, 2010, the following changes occurred in noncurrent liabilities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Bonds payable					
General obligation bonds	\$ 13,691,543	\$ -	\$ (2,882,104)	\$ 10,809,439	\$ 843,854
Compensated absences payable	33,859	66,388	(57,100)	43,147	37,429
Other postemployment benefits payable	<u>14,768</u>	<u>-</u>	<u>(14,768)</u>	<u>-</u>	<u>-</u>
Governmental activities long-term liabilities	<u>\$ 13,740,170</u>	<u>\$ 66,388</u>	<u>\$ (2,953,972)</u>	<u>\$ 10,852,586</u>	<u>\$ 881,283</u>
<b>Business-type activities</b>					
Compensated absences payable	\$ 11,967	\$ 17,515	\$ (15,585)	\$ 13,897	\$ 12,384
Other postemployment benefits payable	<u>4,664</u>	<u>-</u>	<u>(4,664)</u>	<u>-</u>	<u>-</u>
Business-type activities long-term liabilities	<u>\$ 16,631</u>	<u>\$ 17,515</u>	<u>\$ (20,249)</u>	<u>\$ 13,897</u>	<u>\$ 12,384</u>

CITY OF CENTERVILLE, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**F. Interfund balances and transfers**

The following is a schedule of interfund transfers as of December 31, 2010:

Fund	Transfer in 2010			Total
	General Fund	Debt Service Funds	Other Governmental	
Transfer out				
Park	\$ -	\$ -	\$ 825,000	\$ 825,000
2009 Street & Utility Improvements	19,260	-	-	19,260
Storm Water	-	99,500	110,000	209,500
Other Governmental	7,230	362,801	-	370,031
<b>Total</b>	<b>\$ 26,490</b>	<b>\$ 462,301</b>	<b>\$ 935,000</b>	<b>\$ 1,423,791</b>

- A transfer of \$825,000 from the Park fund to other governmental funds for the funding project plan and loan between funds.
- A transfer of \$110,000 from the Storm Water fund to other governmental funds for the project funding plan and loan between funds.
- A transfer of \$339,965 from other governmental funds to Debt Service funds to close the fund.
- A transfer of \$22,836 from other governmental funds to Debt Service funds to close the fund.
- A transfer of \$19,260 from the 2009 Street & Utility Improvements fund to the General fund for wages paid relating to the projects.
- A transfer of \$7,230 from the other governmental funds to the General fund for wages paid relating to the projects.
- A transfer of \$99,500 from Storm Water fund to Debt Service funds for debt service payments related to drainage system improvements.

CITY OF CENTERVILLE, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Advances from/to other funds

The following is a schedule of interfund advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Enterprise		
Sewer	General	\$ 448,828
Sewer	Park	1,108,312
Sewer	Debt service	371,334
Sewer	Storm water	<u>110,000</u>
Total		<u>\$ 2,038,474</u>

- The Sewer fund advanced the Park fund an additional \$825,000 during the year to provide temporary financing to cover the costs of improvements to the property until funds are available from developer fees for parks. In the event that park fees are insufficient to make payments on the advance, the required funds shall be included in the operating levy.
- The Sewer fund advanced the Downtown Storm Water Reclamation fund \$110,000 to provide monies for the project funding plan. The advance will be repaid upon the completion of the project.

All of the above interfund advances have associated amortization schedules, of which current payments are being made.

**G. Fund equity**

Certain reservations and designations have been made in the following funds:

<u>Fund</u>	<u>Purpose</u>	<u>Amount</u>
<b>Fund balance - Reserved</b>		
Debt Service	Debt service on bonds issued	\$ 2,096,530
	Prepays	6,151
General	Prepays	<u>5,213</u>
Total reserved fund balance		<u>\$ 2,107,894</u>
<b>Fund balance - Unreserved - Designated</b>		
General	Working capital	<u>\$ 1,063,198</u>



CITY OF CENTERVILLE, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE**

**A. Plan description**

All full-time and certain part-time employees of the City are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), which is a cost-sharing, multiple-employer retirement plan. The plan is established and administered in accordance with Minnesota statutes, chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service.

For all GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for coordinated members hired after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A normal annuity is a lifetime annuity that ceases upon the death of the retiree - no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will reduce the monthly normal annuity amount, because the annuity is payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org), by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088 or by calling 651-296-7460 or 1-800-652-9026.

CITY OF CENTERVILLE, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

**Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED**

**B. Funding policy**

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State legislature. The City makes annual contributions to the pension plans equal to the amount required by Minnesota statutes. GERP Basis Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.0 percent, respectively, of their annual covered salary in 2010. In 2010, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERP members and 7.00 percent for Coordinated Plan GERP members. Employer contribution rates for the Coordinated Plan will increase to 7.25 percent, effective January 1, 2011. The City's contributions to the GERP for the year ended December 31, 2010, 2009 and 2008 were \$44,431, \$40,832, and \$35,321, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute. The City only has coordinated members and will begin contributing 6.25 percent of their salaries to PERA starting in 2011.

**Note 6: JOINT POWERS AGREEMENTS**

**A. Centennial fire district**

The Centennial Fire District (the District) was formed under the authority of Minnesota statutes 471.59 in 1985 by agreement of the member cities of Centerville, Lino Lakes and Circle Pines. The district was created to provide fire protection services to the residents of the member cities. The District is managed through a three tier system consisting of a fire chief, a steering committee, and the Councils of the member cities. The fire chief is an appointed position. Each member city appoints two commissioners. One of these commissioners must be an elected official of the city. Each member city contributes funds to cover the budgeted costs of operations as determined by the commissioners. The amount of contributions required by each member is based on each city's population, number of fire calls, and assessed valuations. Contributions made by member cities for 2009, the most recent data available, were as follows:

City of Centerville	\$ 114,302	15.37 %
City of Circle Pines	128,527	17.28
City of Lino Lakes	<u>501,036</u>	<u>67.35</u>
 Total	 <u>\$ 743,865</u>	 <u>100.00 %</u>

Volunteer firefighters of the District are members of the Centennial Firefighter's Relief Association (the Association). The Association is a single-employer pension plan (the Plan) that operates under the provisions of Minnesota Statutes 69 and 424, as amended. It is governed by a board of six officers and trustees elected by the members of the Association for three-year terms. The ex-officio, non-voting members of the Board of trustees are two representatives from the Centennial Fire Steering Committee and the fire chief of the District.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Centennial Fire District 7741 Lake Drive, Lino Lakes, MN 55014.

CITY OF CENTERVILLE, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010

**Note 6: JOINT POWERS AGREEMENTS - CONTINUED**

**B. Centennial lakes police department**

The Centennial Lakes Police Department (the Department) was formed under the authority of Minnesota statutes 436.06 in 2005 by agreement of the member cities of Centerville, Circle Pines and Lexington. The Department was created to provide police protection services to its member cities. The Department is managed through a three tier system consisting of a Governing Board, an Operations committee, and a chief of police. The Governing Board consists of six members, two elected officials appointed by each member city. The Operations Committee is made up of the City administrators from each member city and the Chief of Police. The Chief of Police is appointed by mutual agreement of the City councils of all member cities. Annual contributions required by each member city are calculated based on complaint history, population, and staffing formulas. Contributions made by member cities for 2009, the most recent data available, were as follows:

City of Centerville	\$ 679,048	32.16 %
City of Circle Pines	848,283	40.18
City of Lexington	<u>583,866</u>	<u>27.66</u>
 Total	 <u>\$ 2,111,197</u>	 <u>100.00 %</u>

**C. Summary financial information of the joint powers agreements entities**

The contribution to the joint fire district and the joint police commission are reflected as expenditures in the City's General fund. The fire district and police commission's assets, liabilities, equity and operations are excluded from the City's financial statements as further explained in note 1A.

The following information is from the financial statements of the District and the Department as of December 31, 2009, the most recent audited information available at the time of this report. The amounts reported for the District are those presented in its government-wide financial statements. These financial statements are available for viewing at the Centerville City hall.

	<u>Centennial Fire District</u>	<u>Centennial Lakes Police Department</u>
Total assets	\$ 1,283,432	NA
Total liabilities	105,158	NA
Total net assets	1,178,274	NA
Total revenue	903,087	NA
Total expenses	779,010	NA

NA- not available

Volunteer firefighters of the District are members of the Centennial Firefighter's Relief Association (the Association). The Association is a single-employer pension plan (the Plan) that operates under the provisions of Minnesota Statutes 69 and 424, as amended. It is governed by a board of six officers and trustees elected by the members of the Association for three-year terms. The ex-officio, non-voting members of the Board of trustees are two representatives from the Centennial Fire Steering Committee and the fire chief of the District.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Centennial Fire District 7741 Lake Drive, Lino Lakes, MN 55014.

CITY OF CENTERVILLE, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010

**Note 7: OTHER INFORMATION**

**A. 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 for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

**B. Legal debt margin**

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of 3 percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and, therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. The market value of taxable property is \$342,844,400, which leaves a debt margin of \$10,285,332. The City has no outstanding debt against this limit.

**C. Tax increment districts**

The City is the administering authority for tax increment financing district No.1-6. The district is a redevelopment district established in 2005. The property in the district is tax exempt, therefore there is no tax capacity.

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

**D. Subsequent event**

On April 14, 2011, the City issued \$2,760,000 of G.O. Improvement Refunding Bonds, series 2011A, refunding the G.O. Improvement Bonds, Series 2004B and the G.O. Improvement Bonds, Series 2007A.

**Note 8: COMMITMENTS AND CONTINGENCIES**

In 1997, the City entered into a Joint Powers agreement with the Anoka County Housing and Redevelopment Authority (ACHRA) to provide senior housing within the City. The ACHRA has issued \$1,290,000 of Housing Development Revenue Bonds to provide for construction costs of the project. The City has reserved \$71,631 in the Sewer enterprise fund in accordance with the agreement with ACHRA. This amount is to be used in the event revenue is not sufficient to cover operating expenses and debt service. The City would also be liable for any deficit above the amount reserved. This commitment expired on December 31, 2010. No expenses were incurred relating to the commitment in 2010.

COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF CENTERVILLE  
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2010

CITY OF CENTERVILLE, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2010

	Special Revenue Funds		
	614	215	Total
	Cable T.V.	Northern Forest Products	
<b>ASSETS</b>			
Cash and temporary investments (deficits)	\$ 12,894	\$ -	\$ 12,894
Receivables			
Accounts	-	-	-
Due from other governments	12,157	-	12,157
Prepaid items	-	-	-
	<u>\$ 25,051</u>	<u>\$ -</u>	<u>\$ 25,051</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ -	\$ -
Contracts payable	-	-	-
Accrued salaries payable	389	-	389
Deferred revenue	-	-	-
	<u>389</u>	<u>-</u>	<u>389</u>
<b>TOTAL LIABILITIES</b>			
<b>FUND BALANCES (DEFICITS)</b>			
Unreserved			
Undesignated	24,662	-	24,662
	<u>24,662</u>	<u>-</u>	<u>24,662</u>
<b>TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
	<u>\$ 25,051</u>	<u>\$ -</u>	<u>\$ 25,051</u>

Capital Projects

414	449	450	452	453
Pedestrian Trail Ways	2006 Municipal Improvements	2007 CSAH 14 Improvements	2007 Development	2007 Downtown Redevelopment
\$ 546,996	\$ -	\$ -	\$ -	\$ 279,386
-	-	-	-	41,692
-	-	-	-	-
2,345	-	-	-	-
<u>\$ 549,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,078</u>
\$ 4,255	\$ -	\$ -	\$ -	\$ 6,862
-	-	-	-	-
-	-	-	-	-
-	-	-	-	188,500
4,255	-	-	-	195,362
545,086	-	-	-	125,716
<u>\$ 549,341</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 321,078</u>

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CITY OF CENTERVILLE, MINNESOTA  
NONMAJOR GOVERNMENTAL FUND  
COMBINING BALANCE SHEET - CONTINUED  
DECEMBER 31, 2010

	Capital Projects - Continued		
	470		Total
	CDBG		Nonmajor
	Water		Governmental
	Services	Total	Funds
<b>ASSETS</b>			
Cash and temporary investments (deficits)	\$ (102,674)	\$ 723,708	\$ 736,602
Receivables			
Accounts	-	41,692	41,692
Due from other governments	102,690	102,690	114,847
Prepaid items	-	2,345	2,345
TOTAL ASSETS	\$ 16	\$ 870,435	\$ 895,486
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 16	\$ 11,133	\$ 11,133
Contracts payable	5,400	5,400	5,400
Accrued salaries payable	-	-	389
Deferred revenue	-	188,500	188,500
TOTAL LIABILITIES	5,416	205,033	205,422
<b>FUND BALANCES (DEFICITS)</b>			
Unreserved			
Undesignated	(5,400)	665,402	690,064
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 16	\$ 870,435	\$ 895,486

CITY OF CENTERVILLE, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (DEFICITS)  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Special Revenue Funds		
	614	215	Total
	Cable T.V.	Northern Forest Products	
REVENUES			
Property taxes	\$ -	\$ 14,679	\$ 14,679
Intergovernmental	-	-	-
Interest on investments	227	-	227
Miscellaneous			
Refunds and reimbursements	12,157	-	12,157
<b>TOTAL REVENUES</b>	<b>12,384</b>	<b>14,679</b>	<b>27,063</b>
EXPENDITURES			
Current			
Public works			
Supplies	-	-	-
Culture and recreation			
Personal services	8,200	-	8,200
Supplies	343	-	343
Other services and charges	35	-	35
Economic development			
Other services and charges	-	14,679	14,679
Capital outlay			
Public works	-	-	-
Culture and recreation	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>8,578</b>	<b>14,679</b>	<b>23,257</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,806</u>	<u>-</u>	<u>3,806</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	3,806	-	3,806
FUND BALANCES (DEFICITS), JANUARY 1	<u>20,856</u>	<u>-</u>	<u>20,856</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 24,662</u>	<u>\$ -</u>	<u>\$ 24,662</u>

Capital Projects				
414	449	450	452	453
Pedestrian Trail Ways	2006 Municipal Improvements	2007 CSAH 14 Improvements	2007 Development	2007 Downtown Redevelopment
\$ -	\$ -	\$ -	\$ -	\$ -
81,082	-	-	-	-
265	213	2,563	611	2,778
-	-	-	-	-
<u>81,347</u>	<u>213</u>	<u>2,563</u>	<u>611</u>	<u>2,778</u>
-	-	450	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	21,637	15,721	19,655	120,585
<u>128,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>128,358</u>	<u>21,637</u>	<u>16,171</u>	<u>19,655</u>	<u>120,585</u>
<u>(47,011)</u>	<u>(21,424)</u>	<u>(13,608)</u>	<u>(19,044)</u>	<u>(117,807)</u>
825,000	-	-	-	110,000
<u>(7,230)</u>	<u>-</u>	<u>(339,965)</u>	<u>(22,836)</u>	<u>-</u>
<u>817,770</u>	<u>-</u>	<u>(339,965)</u>	<u>(22,836)</u>	<u>110,000</u>
770,759	(21,424)	(353,573)	(41,880)	(7,807)
<u>(225,673)</u>	<u>21,424</u>	<u>353,573</u>	<u>41,880</u>	<u>133,523</u>
<u>\$ 545,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,716</u>

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CITY OF CENTERVILLE, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (DEFICITS) - CONTINUED  
YEAR ENDED DECEMBER 31, 2010

	Capital Projects - Continued		Total Nonmajor Governmental Funds
	470 CDBG Water Services	Total	
REVENUES			
Property taxes	\$ -	\$ -	\$ 14,679
Intergovernmental	245,931	327,013	327,013
Interest on investments	-	6,430	6,657
Miscellaneous			
Refunds and reimbursements	-	-	12,157
TOTAL REVENUES	<u>245,931</u>	<u>333,443</u>	<u>360,506</u>
EXPENDITURES			
Current			
Public works			
Supplies	-	450	450
Culture and recreation			
Personal services	-	-	8,200
Supplies	-	-	343
Other services and charges	-	-	35
Economic development			
Other services and charges	-	-	14,679
Capital outlay			
Public works	251,331	428,929	428,929
Culture and recreation	-	128,358	128,358
TOTAL EXPENDITURES	<u>251,331</u>	<u>557,287</u>	<u>580,994</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(5,400)</u>	<u>(223,844)</u>	<u>(220,488)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	935,000	935,000
Transfers out	-	(370,031)	(370,031)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>564,969</u>	<u>564,969</u>
NET CHANGE IN FUND BALANCES	(5,400)	340,675	344,481
FUND BALANCES (DEFICITS), JANUARY 1	-	324,727	345,583
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ (5,400)</u>	<u>\$ 665,402</u>	<u>\$ 690,064</u>

CITY OF CENTERVILLE, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2010  
(With comparative actual amounts for the year ended December 31, 2009)

	2010			2009	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
<b>REVENUES</b>					
Taxes					
General property	\$ 1,646,561	\$ 1,653,000	\$ 1,651,153	\$ (1,847)	\$ 1,961,993
Gambling	-	-	753	753	-
Total	1,646,561	1,653,000	1,651,906	(1,094)	1,961,993
Licenses and permits					
Business	20,000	20,250	21,774	1,524	20,090
Nonbusiness	111,500	76,400	75,433	(967)	118,031
Total	131,500	96,650	97,207	557	138,121
Intergovernmental					
State					
Property tax credits	-	-	692	692	668
State grants aid	1,333	1,300	1,333	33	11,333
Police aid	35,000	35,000	34,627	(373)	35,613
2% Fire relief aid	125,000	101,700	101,711	11	118,294
County - other	16,550	16,550	16,640	90	16,550
Total	177,883	154,550	155,003	453	182,458
Charges for services					
General government	-	1,500	1,400	(100)	1,240
Culture and recreation	-	3,000	2,930	(70)	2,340
Other	2,000	100	78	(22)	27
Total	2,000	4,600	4,408	(192)	3,607
Fines and forfeitures	33,500	33,500	36,028	2,528	28,836
Special assessments	-	28,000	28,090	90	43,864
Interest on investments	30,000	20,000	13,677	(6,323)	10,397
Miscellaneous					
Refunds and reimbursements	36,000	28,100	7,539	(20,561)	30,100
Other	100,500	9,200	13,786	4,586	4,952
Total	136,500	37,300	21,325	(15,975)	35,052
<b>TOTAL REVENUES</b>	<b>2,157,944</b>	<b>2,027,600</b>	<b>2,007,644</b>	<b>(19,956)</b>	<b>2,404,328</b>

CITY OF CENTERVILLE, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CONTINUED  
YEAR ENDED DECEMBER 31, 2010  
(With comparative actual amounts for the year ended December 31, 2009)

	2010			2009	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
<b>EXPENDITURES</b>					
Current					
General government					
Mayor and Council					
Personal services	\$ 29,711	\$ 29,700	\$ 29,927	\$ (227)	\$ 29,792
Other services and charges	2,100	100	199	(99)	659
Total	31,811	29,800	30,126	(326)	30,451
Elections					
Personal services	2,293	5,850	5,784	66	-
Supplies	300	100	85	15	-
Other services and charges	5,400	900	847	53	-
Total	7,993	6,850	6,716	134	-
Planning and zoning					
Other services and charges	2,000	2,380	1,397	983	2,518
Administration					
Personal services	293,638	283,050	286,793	(3,743)	266,050
Supplies	7,000	3,500	2,615	885	4,411
Other services and charges	79,000	62,550	55,314	7,236	57,779
Total	379,638	349,100	344,722	4,378	328,240
Assessing					
Other services and charges	17,500	15,500	15,429	71	15,371
Legal and auditing					
Other services and charges	75,000	91,000	103,958	(12,958)	100,056
General government building					
Personal services	4,412	2,700	1,859	841	1,936
Supplies	300	300	186	114	191
Other services and charges	25,000	15,500	14,239	1,261	21,356
Total	29,712	18,500	16,284	2,216	23,483
Total general government	543,654	513,130	518,632	(5,502)	500,119

CITY OF CENTERVILLE, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CONTINUED  
YEAR ENDED DECEMBER 31, 2010  
(With comparative actual amounts for the year ended December 31, 2009)

	2010			2009	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - Continued					
Public safety					
Police protection					
Other services and charges	\$ 690,877	\$ 690,950	\$ 690,941	\$ 9	\$ 679,468
Fire protection					
Remittance to relief association	125,000	101,700	101,711	(11)	117,294
Other services and charges	112,753	113,000	112,947	53	110,799
Total	237,753	214,700	214,658	42	228,093
Building inspection					
Personal services	145,123	132,600	135,387	(2,787)	135,118
Supplies	5,000	1,700	1,653	47	1,954
Other services and charges	8,500	9,800	9,364	436	14,222
Total	158,623	144,100	146,404	(2,304)	151,294
Civil defense					
Other services and charges	1,500	2,000	1,506	494	455
Animal control					
Other services and charges	1,000	1,000	536	464	691
Total public safety	1,089,753	1,052,750	1,054,045	(1,295)	1,060,001
Public works					
Streets					
Personal services	114,515	212,300	210,146	2,154	217,428
Supplies	16,500	28,600	33,748	(5,148)	23,101
Other services and charges	101,000	83,900	85,407	(1,507)	92,460
Total	232,015	324,800	329,301	(4,501)	332,989
Recycling					
Personal services	4,193	4,200	4,129	71	4,220
Supplies	100	100	921	(821)	106
Other services and charges	1,900	12,100	11,589	511	11,357
Total	6,193	16,400	16,639	(239)	15,683



CITY OF CENTERVILLE, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CONTINUED  
YEAR ENDED DECEMBER 31, 2010  
(With comparative actual amounts for the year ended December 31, 2009)

	2010			2009	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
<b>EXPENDITURES - CONTINUED</b>					
Current - Continued					
Public works - continued					
Engineering services					
Other services and charges	\$ 12,000	\$ 7,300	\$ 8,254	\$ (954)	\$ 18,062
Total public works	250,208	348,500	354,194	(5,694)	366,734
Culture and recreation					
Parks and recreation					
Personal services	31,856	31,900	33,361	(1,461)	31,360
Supplies	6,000	7,500	6,985	515	3,365
Other services and charges	35,530	41,200	38,785	2,415	64,683
Total parks and recreation	73,386	80,600	79,131	1,469	99,408
City Festival					
Other services and charges	5,500	5,850	5,830	20	16,516
Total culture and recreation	78,886	86,450	84,961	1,489	115,924
Economic development					
Supplies	-	100	99	1	126
Other services and charges	2,000	500	300	200	6,407
Total economic development	2,000	600	399	201	6,533
Total current expenditures	1,964,501	2,001,430	2,012,231	(10,801)	2,049,311
Capital outlay					
General government	10,000	3,500	3,601	(101)	-
Public works	73,093	173,000	174,584	(1,584)	11,104
Culture and recreation	-	-	-	-	617
Economic development	-	-	-	-	155,195
Total capital outlay	83,093	176,500	178,185	(1,685)	166,916
Debt service					
Principal	-	6,500	6,633	(133)	-
Interest and other	-	-	-	-	6,535
Total debt service	-	6,500	6,633	(133)	6,535
<b>TOTAL EXPENDITURES</b>	<b>2,047,594</b>	<b>2,184,430</b>	<b>2,197,049</b>	<b>(12,619)</b>	<b>2,222,762</b>

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CITY OF CENTERVILLE, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - CONTINUED  
YEAR ENDED DECEMBER 31, 2010  
(With comparative actual amounts for the year ended December 31, 2009)

	2010			2009	
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 110,350	\$ (156,830)	\$ (189,405)	\$ (32,575)	\$ 181,566
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	26,490	26,490	250,144
Transfers out	(99,500)	-	-	-	(357,900)
TOTAL OTHER FINANCING SOURCES (USES)	(99,500)	-	26,490	26,490	(107,756)
NET CHANGE IN FUND BALANCES	10,850	(156,830)	(162,915)	(6,085)	73,810
FUND BALANCES, JANUARY 1	1,231,326	1,231,326	1,231,326	-	1,157,516
FUND BALANCES, DECEMBER 31	<u>\$ 1,242,176</u>	<u>\$ 1,074,496</u>	<u>\$ 1,068,411</u>	<u>\$ (6,085)</u>	<u>\$ 1,231,326</u>

CITY OF CENTERVILLE, MINNESOTA  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2010

	309 Joint Police Station 2005A	312 G.O. Improvement Bonds of 2004B	346 G.O. Improvement Bonds of 2004A	348 G.O. Improvement Bonds of 2006A
<b>ASSETS</b>				
Cash and temporary investments	\$ 52,346	\$ 540,764	\$ -	\$ 510,946
Receivables				
Delinquent taxes	494	783	-	-
Accounts	-	-	-	-
Special assessments				
Current	-	5,125	-	-
Delinquent	-	2,906	-	8,559
Deferred	-	291,403	-	411,038
Prepaid items	6,151	-	-	-
	<u>58,991</u>	<u>840,981</u>	<u>-</u>	<u>930,543</u>
<b>TOTAL ASSETS</b>	<u>\$ 58,991</u>	<u>\$ 840,981</u>	<u>\$ -</u>	<u>\$ 930,543</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Advances to other funds	\$ -	\$ -	\$ -	\$ 371,334
Deferred revenue	-	294,309	-	411,038
	<u>-</u>	<u>294,309</u>	<u>-</u>	<u>782,372</u>
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>294,309</u>	<u>-</u>	<u>782,372</u>
<b>FUND BALANCES</b>				
Reserved for				
Debt service	52,840	546,672	-	148,171
Prepaid items	6,151	-	-	-
	<u>58,991</u>	<u>546,672</u>	<u>-</u>	<u>148,171</u>
<b>TOTAL FUND BALANCES</b>	<u>58,991</u>	<u>546,672</u>	<u>-</u>	<u>148,171</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 58,991</u>	<u>\$ 840,981</u>	<u>\$ -</u>	<u>\$ 930,543</u>

349 G.O. Improvement Bonds of 2007A	351 G.O. Improvement Bonds of 2009A	Total
\$ 815,815	\$ 506,032	\$ 2,425,903
1,137	795	3,209
8,593	-	8,593
-	-	5,125
15,511	3,008	29,984
398,414	937,088	2,037,943
-	-	6,151
<u>\$ 1,239,470</u>	<u>\$ 1,446,923</u>	<u>\$ 4,516,908</u>
\$ -	\$ -	\$ 371,334
398,414	939,132	2,042,893
<u>398,414</u>	<u>939,132</u>	<u>2,414,227</u>
841,056	507,791	2,096,530
-	-	6,151
<u>841,056</u>	<u>507,791</u>	<u>2,102,681</u>
<u>\$ 1,239,470</u>	<u>\$ 1,446,923</u>	<u>\$ 4,516,908</u>

CITY OF CENTERVILLE, MINNESOTA  
DEBT SERVICE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES (DEFICITS)  
YEAR ENDED DECEMBER 31, 2010

	309 Joint Police Station 2005A	312 G.O. Improvement Bonds of 2004B	346 G.O. Improvement Bonds of 2004A	348 G.O. Improvement Bonds of 2006A
REVENUES				
Property taxes	\$ 74,232	\$ 117,661	\$ -	\$ -
Special assessments	-	53,660	2,476	248,315
Intergovernmental	-	-	-	-
Interest on investments	440	5,687	-	4,741
Miscellaneous	-	-	-	4,600
<b>TOTAL REVENUES</b>	<u>74,672</u>	<u>177,008</u>	<u>2,476</u>	<u>257,656</u>
EXPENDITURES				
Debt service				
Principal	47,104	130,000	-	2,565,000
Interest and other	26,693	69,096	-	111,603
<b>TOTAL EXPENDITURES</b>	<u>73,797</u>	<u>199,096</u>	<u>-</u>	<u>2,676,603</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	875	(22,088)	2,476	(2,418,947)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	99,500
NET CHANGE IN FUND BALANCES	875	(22,088)	2,476	(2,319,447)
FUND BALANCES (DEFICITS), JANUARY 1	<u>58,116</u>	<u>568,760</u>	<u>(2,476)</u>	<u>2,467,618</u>
FUND BALANCES, DECEMBER 31	<u>\$ 58,991</u>	<u>\$ 546,672</u>	<u>\$ -</u>	<u>\$ 148,171</u>

349 G.O. Improvement Bonds of 2007A	351 G.O. Improvement Bonds of 2009A	Total
\$ 170,752	\$ 119,574	\$ 482,219
150,928	175,212	630,591
-	55,789	55,789
6,147	4,698	21,713
-	-	4,600
<u>327,827</u>	<u>355,273</u>	<u>1,194,912</u>
140,000	-	2,882,104
<u>99,913</u>	<u>168,210</u>	<u>475,515</u>
<u>239,913</u>	<u>168,210</u>	<u>3,357,619</u>
87,914	187,063	(2,162,707)
<u>362,801</u>	<u>-</u>	<u>462,301</u>
450,715	187,063	(1,700,406)
<u>390,341</u>	<u>320,728</u>	<u>3,803,087</u>
<u>\$ 841,056</u>	<u>\$ 507,791</u>	<u>\$ 2,102,681</u>

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SUPPLEMENTARY INFORMATION  
(UNAUDITED)

CITY OF CENTERVILLE  
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2010

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CITY OF CENTERVILLE, MINNESOTA  
 SUPPLEMENTARY INFORMATION  
 SUMMARY FINANCIAL REPORT  
 REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS  
 GOVERNMENTAL FUNDS  
 YEARS ENDED DECEMBER 31, 2010 AND 2009

	Total		Percent Increase (Decrease)
	2010	2009	
<b>REVENUES</b>			
Taxes	\$ 2,148,804	\$ 1,974,663	8.82 %
Licenses and permits	97,207	138,121	(29.62)
Intergovernmental	537,805	182,458	194.76
Charges for services	4,408	3,607	22.21
Fines and forfeitures	36,028	28,836	24.94
Special assessments	659,531	701,070	(5.93)
Interest on investments	48,262	80,549	(40.08)
Miscellaneous	38,082	48,293	(21.14)
<b>TOTAL REVENUES</b>	<b>\$ 3,570,127</b>	<b>\$ 3,157,597</b>	<b>13.06 %</b>
Per Capita	\$ 920	\$ 826	11.32 %
<b>EXPENDITURES</b>			
Current			
General government	\$ 518,632	\$ 500,119	3.70 %
Public safety	1,054,045	1,060,001	(0.56)
Public works	354,644	375,036	(5.44)
Culture and recreation	93,539	126,809	(26.24)
Economic development	15,078	19,203	(21.48)
Capital outlay			
General government	3,601	-	-
Public works	1,302,202	2,791,460	(53.35)
Culture and recreation	128,358	211,381	(39.28)
Economic development	-	155,195	(100.00)
Debt service			
Principal	2,882,104	305,354	843.86
Interest and other	486,335	326,513	48.95
Bond issuance costs	-	61,692	100.00
<b>TOTAL EXPENDITURES</b>	<b>\$ 6,838,538</b>	<b>\$ 5,932,763</b>	<b>15.27 %</b>
Per Capita	\$ 1,762	\$ 1,553	13.49 %
Total Long-term Indebtedness	\$ 10,809,439	\$ 13,691,543	(21.05) %
Per Capita	2,785	3,583	(22.27)
General Fund Balance - December 31	\$ 1,068,411	\$ 1,231,326	(13.23) %
Per Capita	275	322	(14.57)

The purpose of this report is to provide a summary of financial information concerning the City of Centerville to interested citizens. The complete financial statements may be examined at City Hall, 1880 Main St, Centerville, MN 55038. Questions about this report should be directed to City Hall at (651) 429-3232.

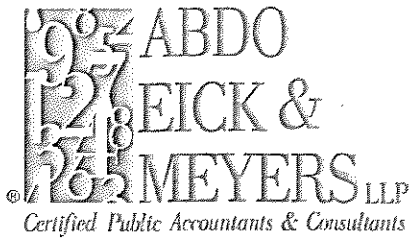
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**OTHER REQUIRED REPORTS**

CITY OF CENTERVILLE  
CENTERVILLE, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2010

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5201 Eden Avenue  
Suite 250  
Edina, MN 55436

## REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and Council  
City of Centerville, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Centerville, Minnesota (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon, dated March 24, 2011.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the *Minnesota Legal Compliance Audit Guide for Local Government*, promulgated by the Minnesota Office of the State Auditor pursuant to Minnesota statute, section 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures, as we considered necessary in the circumstances.

The *Minnesota Legal Compliance Audit Guide for Local Government* covers seven main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, tax increment financing, and miscellaneous city provisions. Our study included all of the listed categories.

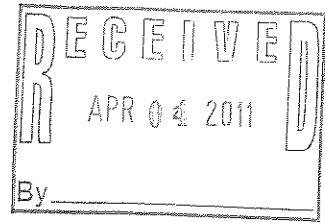
The results of our tests indicate that for the items tested, the City complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of the Council, management, others within the City and the Minnesota Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

March 24, 2011  
Minneapolis, Minnesota

ABDO, EICK & MEYERS, LLP  
Certified Public Accountants

Twin Town Home Association of Eagle Pass  
Centerville, Minnesota 55038



March 26, 2011

To: Mayor Thomas Wilharbor

City Council Members: Ben Fehrenbacher, Steve King, D. Love, and Jeff Paar

Re: Curbstop breakage at 1742 Ojibway Drive \$7,227.17

On February 2, 2011, the curbstop broke at 1742 Ojibway Drive and was leaking water out into the street. The Centennial Lakes Police promptly responded to a call. The police notified the City of Centerville, who in turn were able to turn the water off. The city then proceeded to get someone to fix the problem after notifying me in Texas. In addition, I would like to thank the Centennial Lakes Police for their assistance in notifying the city and the residents of the association of the broken pipe.

The City estimated it would cost about \$4,000.00 based on past experiences. However, we received a bill for \$7,227.17 apparently the difference is due to the extremely cold weather. We understand the bill for \$7,227.17 does not include repairing the huge hole in the driveway.

Our Homeowners Association feels that the City should assume the responsibility in this matter. It is our understanding that it was the curbstop itself that broke and not the pipe. The City installs the curbstop and the developer hooks up to the curbstop. It is speculated that the frost in the ground caused the ground to raise and break the curbstop. If the pipe would have broken on the homeowners side it would be possible to understand this to be the responsibility of our association. However, it appears as though the curbstop the city installed broke.

Our Association has had some unfortunate incidents with the City of Centerville in the past and we have felt we were not treated fairly.

1. When you had NSP run the power lines on the west side of our property and destroyed numerous trees. The City Administrator said he would ask the council to approve putting in a few pine trees to act



March 26, 2011

as a buffer. The Council said no. Our Association then had to pay to have some pine trees planted to act as a buffer or screen.

2. Seal coating Dupre. I had asked the City Administrator and Public Works Director on more than one occasion to let us know when the city was going to seal coat Dupre, so the association could piggy back on the Cities contracts and have Ojibway Drive done at the same time and save the citizens some money. I found out about Dupre being seal coated when I read about it in the paper. I called the City Administrator who said they must have forgot. He told me to call the contractor, which I did but they never did anything, as we were too late in the process.

As you can see, our dealings with the City have not always gone well. However, we have had some good dealings with staff on other issues.

Our Association feels that the city has responsibility in this curbstop issue and would ask that you help us financially.

Sincerely,

  
Jim VanHoudt

President, Twin Town Homes of Eagle Pass

  
Ralph Karlinski

Property Manager (Resident) Twin Town Homes of Eagle Pass

CC: D. Larson, City Administrator

§ 51.09 RULES AND REGULATIONS RELATING TO WATER SERVICE.

(A) *Deficiency of water and shutting off water.* The city is not liable for any deficiency or failure in the supply of water to customers whether occasioned by shutting the water off for the purpose of making repairs or connections or by any other cause whatever. In case of fire, or alarm of fire, water may be shut off to insure a supply for firefighting. In making repairs or construction of new works, water may be shut off at any time and kept off so long as may be necessary.

(B) *Repair of leaks.* It is the responsibility of the consumer or owner to maintain the service pipe from and including the curb shut-off into the house or other building. In case of failure upon the part of any consumer or owner to repair any leak occurring in his or her service pipe within 24 hours after oral or written notice has been given the owner or occupant of the premises, the water may be shut off and will not be turned on until a reconnection charge has been paid and the water service has been repaired. When the waste of water is great or when damage is likely to result from the leak, the water will be turned off if the repair is not proceeded with immediately.

(C) *Abandoned services penalties.* All service installations connected to the water system that have been abandoned or, for any reason, have become useless for further service shall be disconnected at the main. The owner of the premises, served by this service, shall pay the cost of the excavation. The city shall perform the actual disconnection and all pipe and appurtenances removed from the street right-of-way shall become the property of the city. When new buildings are erected on the site of old ones, and it is desired to increase the old water service, a new permit shall be taken out and the regular tapping charge shall be made as if this were a new service. It is unlawful for any person to cause or allow any service pipe to be hammered or squeezed together at the ends to stop the flow of water, or to save expense in improperly removing the pipe from the main. Also, the improper disposition thereof shall be corrected by the city and the cost incurred shall be borne by the person causing or allowing the work to be performed.

(D) *Service pipes.* Every service pipe must be laid a minimum of seven feet deep and in such manner as to prevent rupture by settlement. The service pipe shall be placed below the surface and in all cases so arranged as to prevent rupture and stoppage by freezing. Frozen service pipes between the main and the building shall be the responsibility of the owner. Service pipes must extend from the curb stops to the inside of the building; or if not taken into a building then to the hydrant or other fixtures which they are intended to supply. A valve, the same size as the service pipe, shall be placed close to the inside wall of the building, ahead of the meter and well protected from freezing. Joints on copper tubing shall be flared and kept to a minimum. Not more than one joint shall be used for a service up to 70 feet in length. All joints shall be left uncovered until inspected. Minimum size connection with the water mains shall be one inch in diameter. Service line installations shall conform to the Minnesota Plumbing Code.

Minnesota Lawful Gambling

LG215 Lease for Lawful Gambling Activity

Check applicable item:

1. New application. Submit lease with new premises permit application.

2. New owner. Effective date \_\_\_\_\_ Submit new lease within 10 days after new lessor assumes ownership.

3. New lease. (Do not submit existing lease with amended changes).  
Date that changes will be effective. Submit changes at least 10 days before the effective date of the change.

Organization name <b>CYHA</b>	P.O. Box <b>549</b>	Address <b>Circle Pines MN 55014</b>	License number <b>3939</b>	Daytime phone <b>612-384-9856</b>
Name of leased premises <b>Kellin's Korner</b>	Street address <b>7098 Centerville Rd</b>	City <b>Centerville</b>	State <b>MN</b>	Zip <b>55038</b>
Name of legal owner of premises <b>S+B Center Corp</b>	Business/street address <b>7098 Centerville Rd</b>	City <b>Centerville</b>	State <b>Mn</b>	Zip <b>55038</b>
Name of lessor (if same as legal owner, write in "SAME") <b>Victoria L Byrne</b>	Business/street address <b>7098 Centerville Rd</b>	City <b>Centerville</b>	State <b>Mn</b>	Zip <b>55038</b>

Check all activities that will be conducted

Pull-tabs  Pull-tabs with dispensing device  Tipboards  Paddlewheel  Paddlewheel with table  Bingo  Bar bingo

**Pull-tab, Tipboard, and Paddlewheel Rent (No lease required for raffles.)**

**Booth operation** - sales of gambling equipment by an employee (or volunteer) of a licensed organization within a separate enclosure that is distinct from areas where food and beverages are sold.

**Bar operation** - sales of gambling equipment within a leased premises by an employee of the lessor from a common area where food and beverages are also sold.

Does your organization OR any other organization conduct gambling from a booth operation at this location?

Yes  No

If you answered **YES** to the question above, rent limits are based on the following combinations of operation:

- Booth operation
- Booth operation and pull-tab dispensing device
- Booth operation and bar operation
- Booth operation, bar operation, and pull-tab dispensing device

The maximum rent allowed may not exceed \$1,750 in total per month for all organizations at this premises.

If you answered **NO** to the question above, rent limits are based on the following combinations of operation:

- Bar operation
- Bar operation with pull-tab dispensing device
- Pull-tab dispensing device only

**COMPLETE ONE OPTION:**

**Option A:** 0 to 10% of the gross profits per month. Percentage to be paid 10 %

**Option B:** When gross profits are \$4,000 or less per month, \$0 to \$400 per month may be paid. Amount to be paid \$ \_\_\_\_\_.

**Option C:** \$0 to \$400 per month on the first \$4,000 of gross profit. Amount to be paid \$ \_\_\_\_\_. Plus, 0% to 10% of the gross profits may be paid per month on gross profits over \$4,000. Percentage to be paid \_\_\_\_\_ %

**COMPLETE ONE OPTION:**

**Option A:** 0 to 20% of the gross profits per month. Percentage to be paid \_\_\_\_\_ %

**Option B:** When gross profits are \$1,000 or less per month, \$0 to \$200 per month may be paid. Amount to be paid \$ \_\_\_\_\_.

**Option C:** \$0 to \$200 per month on the first \$1,000 of gross profits. Amount to be paid \$ \_\_\_\_\_. Plus, 0% to 20% of the gross profits may be paid per month on gross profits over \$1,000. Percentage to be paid \_\_\_\_\_ %

**Bingo Rent**

**Option D:** 0 to 10% of the gross profits per month from all lawful gambling activities held during bingo occasions, excluding bar bingo. Percentage to be paid \_\_\_\_\_ %

**Option E:** A rate based on a cost per square foot, not to exceed 110% of a comparable cost per square foot for leased space, as approved by the director of the Gambling Control Board. No rent may be paid for bar bingo. Rate to be paid \$ \_\_\_\_\_ per square foot. The lessor must attached documentation, verified by the organization, to confirm the comparable rate and all applicable costs to be paid by the organization to the lessor.

**Bar Bingo Rent**

**Option F:** No rent may be paid for bingo conducted in a bar.

**New Bingo Activity**

For any new bingo activity not previously included in a Premises Permit Application, attach a separate sheet of paper listing the days and hours that bingo will be conducted.

**Lease Term**  
The term of this lease agreement will be concurrent with the premises permit issued by the Gambling Control Board (Board).

**Management of Gambling Prohibited**  
The owner of the premises or the lessor will not manage the conduct of gambling at the premises.

**Participation as Players Prohibited**  
The lessor will not participate directly or indirectly as a player in any lawful gambling conducted on the premises. The lessor's immediate family will not participate directly or indirectly as a player in a pull-tab, tipboard, or paddlewheel game conducted on the premises.

**Illegal Gambling**  
The lessor is aware of the prohibition against illegal gambling in Minnesota Statutes 609.75, and the penalties for illegal gambling violations in Minnesota Rules 7865.0220, Subpart 3. In addition, the Board may authorize the organization to withhold rent for a period of up to 90 days if the Board determines that illegal gambling occurred on the premises or that the lessor or its employees participated in the illegal gambling or knew of the gambling and did not take prompt action to stop the gambling. Continued tenancy of the organization is authorized without payment of rent during the time period determined by the Board for violations of this provision, as authorized by Minnesota Statutes 349.18, Subdivision 1(a).

To the best of the lessor's knowledge, the lessor affirms that any and all games or devices located on the premises are not being used, and are not capable of being used, in a manner that violates the prohibitions against illegal gambling in Minnesota Statutes 609.75. Notwithstanding Minnesota Rules 7865.0220, Subpart 3, an organization must continue making rent payments under the terms of this lease, if the organization or its agents are found to be solely responsible for any illegal gambling, conducted at this site, that is prohibited by Minnesota Rules 7861.0260, Subpart 1, item H or Minnesota Statutes 609.75, unless the organization's agents responsible for the illegal gambling activity are also agents or employees of the lessor.

The lessor must not modify or terminate the lease in whole or in part because the organization reported, to a state or local law enforcement authority or the Board, the conduct of illegal gambling activity at this site in which the organization did not participate.

**Other Prohibitions**  
The lessor will not impose restrictions on the organization with respect to providers (distributors) of gambling-related equipment and services or in the use of net profits for lawful purposes. The lessor, any person residing in the same household as the lessor, the lessor's immediate family, and any agents or employees of the lessor will not require the organization to perform any action that would violate statute or rule. The lessor must not modify or terminate this lease in whole or in part due to the lessor's violation of this provision. If there is a dispute as to whether a violation occurred, the lease will remain in effect pending a final determination by the Compliance Review Group (CRG) of the Gambling Control Board. The lessor agrees to arbitration when a violation of this provision is alleged. The arbitrator shall be the CRG.

**Access to permitted premises**  
The Board and its agents, the commissioners of revenue and public safety and their agents, and law enforcement personnel have access to the permitted premises at any reasonable time during the business hours of the lessor. The organization has access to the permitted premises during any time reasonable and when necessary for the conduct of lawful gambling on the premises.

**Lessor records**  
The lessor must maintain a record of all money received from the organization, and make the record available to the Board and its agents, and the commissioners of revenue and public safety and their agents upon demand. The record must be maintained for 3-1/2 years.

**Rent all-inclusive**  
Amounts paid as rent by the organization to the lessor are all-inclusive. No other services or expenses provided or contracted by the lessor may be paid by the organization, including but not limited to:  
 - trash removal - janitorial and cleaning services  
 - electricity, heat - other utilities or services  
 - storage - security, security monitoring  
 - snow removal - lawn services  
 - in the case of bar operations, cash shortages  
 Any other expenditures made by an organization that is related to a leased premises must be approved by the director of the Gambling Control Board. Rent payments may not be made to an individual.

**Changes in lease**  
If a change in ownership occurs, the organization will submit an amended lease to the Board within 10 days after the new lessor has assumed ownership. If the lease is amended with no change in ownership, the organization will submit the amended lease to the Board at least 10 days before the effective date of the change.

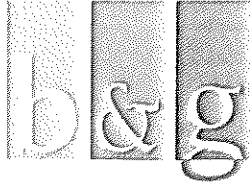
**Acknowledgment of Lease Terms** I affirm that this lease is the total and only agreement between the lessor and the organization, and that all obligations and agreements are contained in or attached to this lease and are subject to the approval of the director of the Gambling Control Board. The lease may be terminated by either party without cause with a 30-day written notice.

**Other terms:**

Signature of lessor <i>Victoria L Byrne</i> Print name and title of lessor Victoria L Byrne	Date 4/5/11	Signature of organization official (lessee) <i>John G. Olmschenk</i> Print name and title of lessee John G. Olmschenk	Date 4/5/11
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**Questions?** Contact the Licensing Section, Gambling Control Board, at 651-639-4000.  
 This publication will be made available in alternative format (i.e. large print, Braille) upon request.  
**Data privacy notice:** The information requested on this form and any attachments will become public information when received by the Board, and will be used to determine your compliance with Minnesota statutes and rules governing lawful gambling activities.





**Bradley &  
Guzzetta, LLC**

1976 Wooddale Drive  
Suite 3A  
Woodbury, MN 55125  
P/ (651) 379-0900  
F/ (651) 379-0999

**Attorneys at Law**  
Michael R. Bradley†^  
Stephen J. Guzzetta\*

**Telecommunications  
Consultant**  
Laura E. Bergus

April 6, 2011

**TO:** North Metro Telecommunications Commission Member Cities  
**FROM:** Stephen J. Guzzetta  
Counsel to the North Metro Telecommunications Commission  
**SUBJECT:** Final Connectivity Service Agreement from Anoka County

---

On Friday, April 1, 2011, Kurt Glaser, City Attorney for Lexington and Centerville, Scott Baumgartner, City Attorney for Anoka and Andover, and I, on behalf of the North Metro Telecommunications Commission (“NMTC”), were able to meet with various Anoka County (“County”) officials, including County Attorney Thomas Palumbo, Assistant County Attorney Kathryn Timm, County Commissioners Rhonda Sivarajah and Robyn West, and County Project Manager David Minkie, to talk about the implementation of the Connect Anoka County project, the connectivity service agreement template prepared by the NMTC and the County’s relationship with municipalities going forward. After discussing our concerns about the County’s March 28, 2011, version of the connectivity service agreement with the County representatives, they agreed that negotiations were not closed (as had been previously stated by County Commissioner Kordiak), at least with respect to matters not exclusively governed by the August 17, 2010, Wholesale Master Service Agreement (“MSA”) executed by the County and Zayo Bandwidth, LLC (“Zayo”). At the conclusion of our April 1 meeting, it was agreed that the County and municipal representatives would meet again on April 4, 2011, to see if a consensus could be reached on certain issues outside the scope of the MSA. On April 4, 2011, this group assembled again, and now included Tom Sweeney, City Attorney for Blaine, and the County’s information technology consultant.

Because most of the important issues are locked into and dictated by the MSA (e.g., service speeds, network reliability, network design, co-location site specifications, limitations on liability, billing, etc.) and due to the time restrictions imposed by the County, there were very narrow parameters for discussions on April 4, particularly since the County remains unwilling to re-open the MSA to rectify problems that it acknowledges exist. Moreover, the County was unwilling to discuss certain matters regardless of whether they were controlled by the MSA, such as warranties, reimbursement of costs that may be incurred by municipalities as a result of providing access to co-location sites,

[www.bradleyguzzetta.com](http://www.bradleyguzzetta.com)

†Also admitted in Wisconsin

\*Also admitted in Massachusetts and the District of Columbia

^Qualified Neutral under Rule 114 of the Minnesota General Rules of Practice

damage to third party equipment at co-location sites caused by Zayo, and improved definitions of important contract terms. With the foregoing caveats and limitations in mind, the parties were able to reach agreement on certain identified areas of concern, as reflected in the April 4, 2011, “final” connectivity service agreement prepared by the County (the “Final Agreement”) and as summarized below:

- The reference to “rights-of-way agreements” in the definition of “underlying rights” was eliminated, which helps clarify that the connectivity service agreement in and of itself is not intended to grant Anoka County or Zayo access to public rights-of-way (*i.e.*, local permitting requirements and right-of-way management ordinances must be followed). The definition of underlying rights was also modified to reflect that only the right to access co-location sites is being conferred and that the specific nature of that right (including any applicable limits and conditions) will be described in a new Attachment I to the connectivity service agreement. These changes narrow the scope of the connectivity service agreement and, in conjunction with other provisions, significantly mitigate the risk that the agreement could be construed to authorize Zayo to operate a cable system and provide cable service without a franchise.
- The definition of “permitted use” was amended to make clear that municipalities can use the Zayo system for any quasi-governmental, governmental, educational or public safety purpose, as long as a specific use does not compete with Zayo in commercial markets. This particular change is important because it clarifies that local governments can provide services to themselves over the Zayo network for permitted purposes, even if Zayo also offers those same services (*e.g.*, VoIP telephony). As currently written, the concept of permitted uses only proscribes municipalities from using connectivity services on the Zayo system to offer video, voice or data services to the commercial marketplace in competition with Zayo.
- Section II.B connectivity service agreement now specifies that “underlying rights” are only being granted for the provision of telecommunications services under Chapter 237 of Minnesota Statutes (as opposed to cable service under Chapter 238 of Minnesota Statutes) and that Zayo must follow local ordinances in exercising the “underlying rights” (*e.g.*, by obtaining necessary easements, permits, etc.). This revised language, in conjunction with other language in the Final Agreement, affirms, preserves and protects local governments’ right-of-way management and cable television franchising authority.
- Language was added to Section VI of the connectivity service agreement which states that Zayo must remove its equipment from co-location sites at a municipality’s request upon termination or expiration of the agreement within a mutually agreed upon timeframe not to exceed 180 days. Previously, Section VI was drafted in such a way that Zayo could decide to leave its equipment in co-location sites after the connectivity service agreement is terminated or expires, which would arguably obligate a municipality to continue providing access and security (and possibly expose the municipality to ongoing costs and potential liability for damage to equipment, service outages, etc.).

- Section VI, as revised, also empowers a municipality to require Zayo to remove its equipment from a co-location site, upon request, if the municipality cancels connectivity service at that site, within an agreed upon timeframe not to exceed 180 days. The underlying right to use a co-location site would terminate with the removal of Zayo's equipment.
- The County revised the insurance language in the connectivity service agreement to comport with recommendations made by the League of Minnesota Cities Insurance Trust.
- Section XIV of the connectivity service agreement was revised to enable municipalities to terminate connectivity service at a particular co-location site (and cease payment of associated fees) without terminating the entire agreement, after providing 60 days' written notice to the County and Zayo.

Notwithstanding the foregoing changes and improvements, the Final Agreement still contains some major deficiencies, as a result of the County's unwillingness to address fundamental problems in the MSA and other issues that apparently were not contemplated at the time the Connect Anoka County project was initiated. For example:

- Zayo still is not a party to the Final Agreement, even though it remains responsible for almost all performance under the Final Agreement (*e.g.*, provision of service, repair and maintenance of the network, responding to service problems, etc.). Because Zayo is not a party to the Final Agreement, it is likely that enforcement issues will arise over time because the municipalities will likely only have legal recourse against the County, which may be ineffective in many cases (*e.g.*, if there is a service deficiency, the County cannot directly rectify it, because the County is not providing the connectivity service). Moreover, the County's ability to require Zayo to perform is circumscribed by its flawed MSA with Zayo, which further compounds potential enforcement problems and delays.
- The concept of "connectivity services" is still not well defined in the Final Agreement. Accordingly, it is not clear precisely what services municipalities would be buying and receiving, and what expectations they could have concerning connectivity services.
- Zayo and Anoka County are not guaranteeing service speeds or quality of service in the Final Agreement. Consequently, municipalities could be paying for services they are not actually getting, or receiving services that do not consistently meet their needs, particularly for mission critical applications. That said, the Final Agreement now contains language that permits a municipality to terminate service at a particular site after providing 60 days' written notice to the County and Zayo. However, this early termination option may not be helpful if a municipality has come to rely on the Zayo system or if alternative services are too expensive.
- Anoka County's and Zayo's proposed service level standards would allow portions of the Zayo system and certain connectivity services to be down for approximately 500 minutes a year, which could lead to serious problems for mission critical applications and

- There are no established standards, policies or mechanisms for resolving network congestion problems that will ultimately arise.
- The Final Agreement likely contains hidden costs associated with meeting the security, environmental and technical requirements for co-location sites (*e.g.*, for possibly re-wiring co-location sites, adding necessary outlets, providing back-up power, improving heating and air conditioning systems, and re-configuring space to accommodate equipment).
- The Final Agreement may also pose logistical, financial and legal issues for municipalities. For example, if the Zayo system is unavailable in a city hall at 3 a.m. on a Saturday morning, who is going provide Zayo with access and who is going to pay for any costs associated with such access? If the equipment in City Hall is used to serve commercial customers, will a municipality be liable to Zayo or the customers for damages, costs, etc. associated with any delay in providing access?
- The “act of God” language in Section X the Final Agreement is extremely broad, and can be used to excuse most non-performance.
- The limitations on liability enjoyed by Anoka County and Zayo under Section IX of the Final Agreement leave little recourse for municipalities to recover damages they may incur as a result of the County’s and Zayo’s acts and omissions.
- Many important terms and concepts are not defined in the Final Agreement (*e.g.*, demarcation point, excused outage, network availability, fiber optic network, etc.). This will inevitably lead to contract interpretation and enforcement issues down the road. The County has consistently suggested that terms in the connectivity service agreement should have their common technical meaning or the meaning ascribed to them in other agreements. However, those definitions and contracts are not incorporated into the Final Agreement, and would therefore have little or no force or utility in a dispute.

Thus, despite our repeated attempts to educate and work with the County to improve the connectivity service agreement, the Final Agreement remains seriously flawed and poses a variety of risks to municipalities, as outlined above. These risks and flaws must be weighed against the potential benefits of entering into the Final Agreement. Such benefits may include:

- Below-market rates for the services proposed (bearing in mind transmission speeds and quality of service are not guaranteed).
- Transmission speeds that are significantly faster than those currently available and/or enjoyed (bearing in mind transmission speeds and quality of service are not guaranteed).



- No direct network construction or equipment costs for stated capabilities other than any costs associated with preparing co-location sites to meet stated specifications (at least for the first seven years or unless network upgrades are necessary).
- The ability to communicate with other entities on the Zayo system.
- Potential economic development benefits of having high-speed data transmission facilities and services available to businesses.
- Narrowing the gap between information “haves” and “have-nots” in Anoka County.

In the end, each municipality must independently gauge its own tolerance for risk against the actual or perceived benefits of executing the Final Agreement. This calculus may vary from city to city. However, any municipality that does decide to enter into the Final Agreement should, at a minimum:

- Participate in any network governance or policy group that is established to manage the Zayo system;
- Carefully monitor network traffic and congestion, and document network unavailability and service deficiencies;
- Maintain adequate insurance and liability limits to protect against costs and damages that may arise out of the Final Agreement;
- Regularly evaluate what alternative services are available and at what cost (particularly in the event a municipality needs to terminate service at a co-location site using the 60-day termination provision and to quickly find a new service provider);
- Carefully consider and plan for current and future bandwidth needs, and assess whether those needs can be met or are best met by the Zayo system, considering its capabilities and limitations;
- Precisely and comprehensively define the underlying rights being granted to the County and Zayo for co-location sites in an agreement or other legal instrument (which would be included in Attachment I to the Final Agreement); and
- Ensure that permits and easements granted to Zayo contain adequate protective language or conditions, and do not authorize the construction or operation of a cable system or the provision of cable service without obtaining a franchise, to the extent required by applicable law. We would recommend that all municipalities in the County utilize the same language and conditions, to the extent possible.

\* \* \*

As always, please feel free to contact me with any questions or concerns you may have.

**Connectivity Services Agreement  
With Community Anchor Institution(s)  
For Broadband Services  
At Co-location Service Site(s)**

This Agreement, entered into by and between:

1. **COUNTY of Anoka** (Anoka County), 2100 Third Avenue North, Anoka, Minnesota 55303; and
2. \_\_\_\_\_, (Entity), \_\_\_\_\_, \_\_\_\_\_, Minnesota, 55\_\_\_\_\_.

WHEREAS, ZAYO Bandwidth LLC (ZAYO) was recently awarded a grant from the National Telecommunications and Information Administration (NTIA) which is to be combined with matching funds from ZAYO and Anoka County to build a fiber optic network in Anoka County to provide high-speed broadband services to Community Anchor Institutions; and

WHEREAS, Anoka County has recently entered into a Master Fiber Indefeasible Right of Use (IRU) Agreement and a Wholesale Master Service Agreement with ZAYO in order to facilitate the purposes of the grant obtained by ZAYO; and

WHEREAS, Anoka County and ZAYO have identified multiple Community Anchor Institutions to be connected by the Core Backbone and Distribution Network which will comprise the fiber optic network; and

WHEREAS, Anoka County desires to arrange for co-location service sites at various Community Anchor Institutions which have been identified for the purposes of building the fiber-optic network; and

WHEREAS, Connectivity Services will become available to each of the Community Anchor Institutions at the co-location service sites as a result of the fiber-optic network built by Anoka County and ZAYO; and

WHEREAS, the Community Anchor Institutions will have the option of accepting Connectivity Services initially, or allowing the equipment to be installed and reserving the acceptance of Connectivity Services until a later time; and

WHEREAS, Entity is a community anchor institution which owns, leases, controls, rents or administers a designated co-location service site; and

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WHEREAS, it is in the interest of Entity to work together with Anoka County to facilitate the construction of the ZAYO System in order to encourage the continued deployment and availability of advanced and reliable telecommunications capabilities in Anoka County and and access to such capabilities at affordable rates.

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NOW, THEREFORE, the parties hereto agree as follows:

**I. DEFINITIONS**

The parties agree to the following definitions for terms used in this Agreement:

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a) Community Anchor Institutions: quasi-government, government, educational and public safety institutions.

b) Co-location service sites: designated physical sites located in various Community Anchor Institutions located in and around Anoka County. (See Attachment A.)

c) ZAYO System: an integrated multi-cable, multi-ring fiber optic communication system comprised of cables and ducts, lateral connections, and the manholes and handholds locates therein, and related equipment required to provide Connectivity Services as provided through the NTIA grant.

d) Connectivity Services: As described in Article V.

e) Underlying Rights: all deeds, IRUs, (exclusive or non-exclusive) easements, licenses, grants, contracts and other rights, titles and interests to use real property of any third person, which are reasonably necessary for the construction, placement, location, installation, operation, use, IRU, rental, maintenance, repair or replacement by ZAYO or Anoka County, as the case may be, of the ZAYO System, Ducts, County Equipment, Cable or County Dark Fibers to the co-location sites. (See specific identified rights for this Community Anchor institution in attachment I).

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f) IRU: Indefeasible Right of Use.

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g) Equipment: electronics, optronics, and other devices as necessary to deliver the Connectivity Services.

h) Permitted use: Connectivity services shall only be used by Community Anchor Institutions for quasi-governmental, governmental, educational or public safety purposes and shall not be used to directly or indirectly compete with ZAYO in the commercial markets.

i) ZAYO Staff: Employees, consultants, and other sub-contractors working under the direction of ZAYO to install and support the ZAYO System.

## II. SCOPE OF SERVICES

A. Anoka County will provide, through its contract with ZAYO, Connectivity Services to Entity through the fiber optic network built by ZAYO. Once the fiber optic network is built and the system is installed in the various co-location service sites, Anoka County, through its agreement with ZAYO, its successors and/or assigns, will provide ongoing support for the provision of Connectivity Services to Entity. Only site locations identified with fee amounts on Attachment A will receive Connectivity Services. Any mutually agreed changes to Connectivity Services will require a modification to Attachment A pursuant to section XII.

B. Entity shall provide space for a co-location service site where ZAYO, on behalf of Anoka County, can install equipment to be connected to the ZAYO system in order to build the Fiber Optic network. Entity shall provide Underlying Rights to the co-location site to ZAYO only pursuant to Minnesota Statutes Chapter 237 and local ordinances for the purpose of building the Fiber Optic network to the point of demarcation.

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C. Nothing in this agreement affects or limits Entity's cable franchising authority or other authority to manage and regulate ZAYO's use of public rights of way.

### III. COSTS AND COMPENSATION

A. To the extent that Connectivity Services are used by Entity, Entity will pay Anoka County a monthly fee as detailed in Attachment A. Fees reflect the actual costs to provide the Connectivity Services. For entities receiving connectivity services, the initial fee is established at \$75.00 per month per site for 100 mbps and \$400.00 per month per site for 1 gbps. Fees will be periodically reviewed to reflect current costs, but will not be modified without the agreement of both parties. Initially the fees will primarily be used to pay the proportionate share of the county's match to the project. Once the proportionate share of this match is recovered, it is expected the fee amount will decrease if other factors remain constant. Fees will be invoiced starting the month following when Connectivity Services begin. Entity will provide payment within 30 days of receipt of an invoice. Nonpayment shall be grounds for default.

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B. Entity shall not charge Anoka County, or ZAYO through Anoka County, for the Underlying Rights in the co-location site used by Anoka County and ZAYO to build the Fiber Optic Network. Additionally, Entity shall not charge rent, access fees, lease payments, or any other fee to Anoka County or ZAYO for the co-location space provided for the installation and housing of Equipment provided for connectivity service for Entity.

### IV. PHYSICAL ACCESS TO CO-LOCATION SITE

A. Entity shall provide co-location space at co-location service sites indicated on Attachment A where ZAYO, on behalf of Anoka County, can install Equipment to provide services. Security shall be maintained at the site as

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indicated in Attachment B. [Entity shall provide adequate power and temperature control as may be further detailed on the service order Attachment B. Entity shall provide all Underlying Rights and rights of access necessary for ZAYO to enter the premises and to construct and maintain fiber connections across the co-location service site whether the site is owned, leased, rented or administered by Entity.

B. ZAYO, on behalf of Anoka County, shall provide, install, maintain, repair, operate and control its Equipment, as necessary. Unless specifically provided in Attachment A, there shall be no cost to Entity for the purchase and/or installation of the ZAYO Equipment. Any ZAYO Equipment shall be maintained and replaced at no expense to Entity until the earlier of August 17, 2017, or this contract is otherwise terminated. Thereafter, if the ZAYO Equipment deteriorates, or no longer supports the provisioning of services, Entity agrees that it shall pay the prorata costs incurred in the replacement of such ZAYO Equipment.

C. ZAYO, through Anoka County, may request permission to place additional ZAYO Equipment at the co-location service site indentified in Attachment A to solely service commercial customers. If Entity elects to allow such installation for commercial service at the co-location service site, ZAYO shall pay to Entity \$250 per month for the first device, and \$100 per month for each additional device. No co-location fees will apply if ZAYO Equipment used to provide services to Entity and to Anoka County if such ZAYO Equipment is also used to serve a commercial customer.

D. The ZAYO Equipment shall remain the sole and exclusive property of ZAYO, and nothing contained herein shall give or convey to Entity any right, title or interest whatsoever in the ZAYO Equipment. The ZAYO Equipment shall remain personal property, notwithstanding that it may be or become attached to, or embedded in, realty. The ZAYO Equipment shall not be considered a fixture

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of that real property. Neither Anoka County nor Entity shall tamper with, remove or conceal any identifying plates, tags, or labels identifying ZAYO's ownership interest in the ZAYO Equipment.

E. Equipment and service beyond the point of demarcation and/or interconnection between ZAYO's facilities and Entity terminal Equipment and the wiring at the point of demarcation shall be the responsibility of the Entity.

F. Entity shall provide access to ZAYO on behalf of Anoka County to provide services for purposes of installation, maintenance and repair of ZAYO Equipment. ZAYO, on behalf of Anoka County, shall restrict access to the co-location site space to authorized ZAYO staff. ZAYO staff shall abide by any physical security requirements provided to ZAYO in writing. ZAYO shall make reasonable attempts to provide at least two days notice prior to entering the co-location site to install, maintain, or repair any of the ZAYO Equipment. If it is not reasonably possible to provide such notice, or in an emergency, ZAYO shall provide notice as soon as practicable, but in all events prior to entering the co-location site. See Attachments B and D.

G. If Entity provides its own Equipment, Anoka County, or ZAYO on Anoka County's behalf, shall have no obligation to install maintain or repair the Equipment. If, on responding to an Entity initiated service call, Anoka County, ZAYO and Entity jointly determine that the cause of the service delinquency was a failure, malfunction or the inadequacy of Entity's Equipment, Entity shall compensate Anoka County/ZAYO for ZAYO's actual time and materials expended during the service call.

H. Neither party shall adjust, align, attempt to repair, relocate or remove the other party's Equipment, or ZAYO's Equipment, except as expressly authorized in writing by the other party or ZAYO.

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I. Prior to any installation of the ZAYO System, ZAYO will submit to Entity entrance and construction plans specifying the location, construction and method of installation related to the System. Entity shall respond to the plans with any objections as soon as reasonably possible, but in any event no later than 60 days. Entity shall immediately provide notice to ZAYO of known asbestos or other hazardous substances, pollutants or contaminants as defined by the Comprehensive Environmental Response Compensation and Liability Act (CERCLA), Title 42, U.S. Code, or similar state or federal law.

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J. Entity shall provide to Anoka County 24-hour contact information for the purpose of gaining co-location service site access. This information shall be used for both business hour and non-business hour services access. Entity will review and update the information provided as needed, but at least on an annual basis. See Attachment D.

K. Entity shall not arbitrarily or capriciously require ZAYO to relocate ZAYO Equipment. However, upon ninety (90) days written notice, or, in the event of any emergency, Entity may require ZAYO to relocate co-located ZAYO Equipment; provided, however, the site of relocations shall afford comparable environmental conditions for the ZAYO Equipment and a comparable accessibility to the ZAYO Equipment.

## V. CONNECTIVITY SERVICE LEVEL REQUIREMENTS

A. Anoka County, through its agreement with ZAYO, shall provide Connectivity Services to Entity at the capacity level indicated in Attachment A. Any upgrades to service will be dependent on costs of Equipment, fees to ZAYO, capacity limitations of the network, and other relevant factors. Entity recognizes that the network has a total bandwidth of 10gbps on the core ring and 1gbps on distribution rings and distribution laterals. This total capacity is shared among other Community Anchor Institutions which are part of this project. Entity agrees

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to work with Anoka County to manage bandwidth and equitably resolve capacity issues on the network.

B. Dark fibers will be installed at each co-location service site as indicated in Attachment A. These dark fibers will be terminated at the site and are reserved for future use. This agreement neither contemplates nor conveys to Entity present or future rights to the use of the dark fiber. Any future use will be by a separate agreement and at an additional cost.

C. Entity may use the network only to provide service to itself, and agencies and departments of the Entity in keeping with the Permitted Uses of this Agreement.

D. Transport Availability: The transport services being provided will meet or exceed 99.999% network availability for protected optical service, 99.99% for protected TDM based services such as DS3s and DS1s and 99.9% for unprotected services as measured on a monthly basis. If Network Availability is below the percentage above in two out of the three preceding calendar months not due to an Excused Outage, the same shall constitute an event of default hereunder.

E. Ethernet Availability: The Ethernet Services being provided will meet or exceed 99.9% network availability for unprotected service and 99.95% for protected service as measured on a monthly basis. If Network Availability is below 99.9% for unprotected circuits and 99.95% for protected circuits in two out of the three preceding calendar months not due to an Excused Outage, the same shall constitute an event of default hereunder.

F. Mean Time To Repair (MTTR): ZAYO's MTTR will be four hours for protected services and eight hours for unprotected services as measured on a monthly basis for outages of the services provided or any part of the services

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provided; for example an individual DS3 or group of DS3s. If ZAYO's MTTR for all protected services is greater than four hours in two out of the three preceding months not due to a Force Majeure Event such occurrence shall constitute an Event of Default on the part of ZAYO, on behalf of Anoka County, for the affected circuit.

## VI. TERM

This Agreement will be for a period commencing on the date of signing by both parties, and continuing until August 16, 2015 (Initial Term), with up to a total of three (3) renewal periods of additional five (5) years terms (Renewal Terms) upon written amendment. Both parties shall provide written notice of intent to renew this agreement not less than one hundred eighty days (180) before the end of the Initial Term or Renewal Term. For purposes of this agreement, written notices shall be sent to the addresses of each of the Parties as indicated above. Upon the termination or expiration of this Agreement, Anoka County shall have no further obligation to provide Services and no further liability to Entity. Upon termination or expiration of this agreement, ZAYO shall be provided a reasonable opportunity to retrieve its equipment from the co-location service site(s). At the request of the entity, ZAYO will remove equipment from individual terminated co-location sites within a mutually agreed time not to exceed 180 days. Upon termination of Entity's connectivity service from a co-location site, without terminating this entire agreement, ZAYO, at the request of the entity, shall remove its equipment from said co-location site within a mutually agreed time not to exceed 180 days and any underlying rights for that co-location site shall terminate with the removal without further action or notice by any party. Any underlying rights granted by the Entity under this Agreement shall terminate or expire with the Agreement without need for further action or notice by any party.

## VII. INDEMNIFICATION

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To the extent permitted by law, each party shall indemnify, defend and hold harmless the other party, its commissioners, council members, school board members, superintendents, directors, officers, employees and agents, successors and assigns, from all damages, costs, expenses and liabilities, including reasonable attorney's fees and disbursements, sustained in any action commenced by any third party in connection with the indemnifying party's performance of its obligations and duties under this Agreement except those damages, costs, expenses, and liabilities arising from the negligence or willful misconduct of the other party. The indemnified party shall promptly notify the other party in writing of any such law suit or claim.

Under no circumstances shall a party be required to pay on behalf of itself and other parties, any amounts in excess of the limits on liability established in Minnesota Statutes, Chapter 466, or any similar statutory limits on tort liability.

### VIII. INSURANCE

During the Initial Term, and during each renewal term, each party shall obtain and maintain not less than the insurance set forth in Attachment C.

### IX. LIABILITY AND LIMITATIONS OF LIABILITY

A. Entity shall be liable for any loss of or damage to the ZAYO Equipment at the co-location site caused by Entity's negligence, intentional acts, willful misconduct or unauthorized maintenance subject to statutory limits. Entity shall reimburse Anoka County on behalf of ZAYO for the reasonable cost of repair of the ZAYO Equipment, or the replacement thereof, within thirty (30) days after receipt by Entity of a written request for reimbursement.

B. Anoka County shall be liable for any loss of or damage to Entity's equipment caused by Anoka County or ZAYO's negligence, intentional act, willful

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misconduct or unauthorized maintenance. Anoka County shall reimburse Entity for the reasonable cost of repair of the equipment, or the replacement thereof, within thirty (30) days after a written request for reimbursement and ZAYO has reimbursed Anoka County for the loss or damage pursuant to Anoka County's Agreement with ZAYO. Anoka will make reasonable effort to pursue reimbursement on the Entity's behalf.

C. Anoka County shall not be liable for delays in installation, commencement or restoration of the service; for any temporary or permanent cessation of service; for errors, malfunctions, delays or defects in transmission of the service; for loss or damage occasioned by a Force Majeure Event. Anoka County's liability for any and all causes and claims whether based in contract, warranty, negligence or otherwise shall in no event exceed: 1) an amount equivalent to the proportionate charge by Anoka County to Entity for the period of service affected, or 2) if applicable, the replacement value of any Entity equipment which is lost or damaged as a result of Anoka County's gross negligence or willful misconduct.

D. ANOKA COUNTY NEITHER ASSUMES NOR MAKES ANY WARRANTY, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE AS TO THE DESCRIPTION, QUALITY, MERCHANTABILITY, COMPLETENESS OR FITNESS FOR ANY PARTICULAR PURPOSE OR USE OF THE SERVICE, LOCAL ACCESS OR ANY OTHER MATTER, EXCEPT AS SET FORTH IN THIS AGREEMENT. SUCH WARRANTIES ARE HEREBY EXCLUDED AND DISCLAIMED.

**X. FORCE MAJEURE**

Neither party individually and Anoka County on behalf of ZAYO shall be liable for any failure of performance hereunder due to causes beyond its reasonable control including, but not limited to acts of God, fire, explosion,

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vandalism, cable cut, flood, storm, or other similar catastrophe, any law, order, regulation, direction, action or request of the government, or any department, agency, commission, court, or bureau of a government, or any civil or military authority, national emergency, insurrection, riot, war, strike, lockout, or work stoppage (each a "Force Majeure event"). The party claiming relief under this section shall notify the other party of the occurrence or existence of the Force Majeure event and of the termination of such event. In the event Anoka County through ZAYO is unable to deliver services as a result of a Force Majeure event which precludes ZAYO from performing, the other party shall not be obligated to pay for the services so affected for as long as ZAYO is unable to deliver the Services.

#### **XI. COMPLIANCE WITH LAWS**

In providing all services pursuant to this Agreement, the parties shall abide by all statutes, ordinances, rules and regulations pertaining to or regulating the provision of such services, including those now in effect and hereafter adopted. Any violation of said statutes, ordinances, rules, or regulations shall constitute a material breach of this Agreement and shall entitle the Parties to terminate this Agreement immediately upon delivery of written notice of termination.

#### **XII. MODIFICATIONS**

Any material alterations, modifications, amendments, or variations of the terms of this Agreement shall be valid and enforceable only when they have been reduced to writing as an amendment and signed by the parties.

#### **XIII. DATA PRIVACY**

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In collecting, storing, using and disseminating data on individuals in the course of providing services hereunder, the parties agree to abide by all pertinent state and federal statutes, rules and regulations covering data privacy, including, but not limited to, the Minnesota Government Data Practices Act and all rules promulgated pursuant thereto by the Commissioner of the Department of Administration.

All data created, collected, received, stored, used, maintained, or disseminated by the parties in performing this Agreement is also subject to the provisions of Minn. Stat. § 13 et. seq. (the Minnesota Government Data Practices Act) and, pursuant to that statute, the parties must comply with the requirements of that statute. All remedies set forth in Minn. Stat. § 13.08 shall also apply to the parties.

#### XIV. EARLY TERMINATION

This Agreement may be terminated in entirety by either party at any time, with or without cause, upon One Hundred Eighty (180) days written notice delivered by mail or in person. If notices are delivered by mail, they shall be effective two days after mailing.

Termination of an Entity's connectivity service, and obligation to pay therefore, may be terminated on sixty (60) days written notice, as provided for in this agreement.

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#### XV. DEFAULT AND REMEDY

A. Default by Entity: Entity is in default of the agreement if Entity:

1) is more than 15 days past due in paying for services as agreed in this Agreement, or any invoice pursuant to its terms, excluding those amounts which Entity has notified Anoka County as reasonably being in dispute; or

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2) materially fails to observe or perform any non-monetary obligation or covenant hereunder; or

3) files or initiates proceedings or has proceedings filed or initiated against it, seeking liquidation, reorganization or other relief (such as the appointment of a trustee, receiver, liquidator, custodian or such other official) under any bankruptcy, insolvency or similar law; or

4) violates the permitted uses.

In the event of default by Entity, notification of Default shall be sent to the address provided below in Section XVI. Entity shall have five days to cure a monetary breach, or thirty days to cure a non-monetary breach. If the Default remains uncured, Anoka County may suspend services until Entity remedies the Default, terminate or suspend services under this agreement and/or the applicable services being provided under the service order.

If Anoka County terminates this Agreement pursuant to this article of the Agreement, Anoka County shall have the right to seek full payment for amounts due for services rendered prior to the date of termination.

B. Anoka County shall be in default under this Agreement if it:

1) fails to arrange for ZAYO to provide the services in accordance with the Service Order (see Exhibit E) or otherwise fails to cure any breach of the Agreement after receiving written notice of default from Entity; or

2) defaults on its agreement with ZAYO and does not cure said default within five days for a monetary breach or thirty days of a non-monetary breach of that agreement; or

3) fails to notify Entity of default by ZAYO within five days of said Default, or fails to notify Entity that ZAYO has alleged that Anoka County is in Default, within five days of receipt of notification from ZAYO.

Notification of Default by Anoka County shall be sent to the address provided below in Section XVI. Anoka County shall have five days to cure a monetary breach and thirty days to cure a non-monetary breach of the agreement.

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If Anoka County is caused to be in default of this agreement by the breach of ZAYO, Anoka County shall notify ZAYO in writing and allow ZAYO thirty days to cure, or such longer period of time as may be reasonably necessary to cure as long as the cure is initiated and diligently pursued within such thirty days or provide notice of a dispute about the existence such default. However, Entity and Anoka County may terminate this agreement upon written notice if ZAYO causes Anoka County to default by not meeting the terms of Article V. CONNECTIVITY SERVICE LEVEL REQUIREMENTS as noted above.

**XVI. NOTICES**

Notices shall be sent to the parties at the following:

Anoka County:

Information Technology Director  
Anoka County Government Center  
Information Technology Department  
2100 Third Avenue North Ste. 300  
Anoka, Minnesota 55303

Entity:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_, Minnesota 55\_\_\_\_

**XVII. AFFIRMATIVE ACTION**

In accordance with Anoka County's Affirmative Action Policy and the County Commissioners' policies against discrimination, no person shall illegally be excluded from full-time employment rights in, be denied the benefits of, or be otherwise subjected to discrimination in the program which is the subject of this

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Agreement on the basis of race, creed, color, sex, sexual orientation, marital status, public assistance status, age, disability, or national origin.

**XVIII. SURVIVAL OF REPRESENTATIONS AND WARRANTIES.**

The representations, warranties, covenants, and agreements of the parties under this Agreement, and the remedies of either party for the breach of such representations, warranties, covenants, and agreement by the other party shall survive the execution and term of this Agreement.

**XIX. WAIVER.**

The waiver of any of the rights and/or remedies arising under the terms of the Agreement on any one occasion by any party hereto shall not constitute a waiver of any rights or remedies in respect to any subsequent breach or default of the terms of the Agreement. The rights and remedies provided or referred to under the terms of the Agreement are cumulative and not mutually exclusive.

**XX. GOVERNING LAW.**

This Agreement shall be interpreted and construed according to the laws of the State of Minnesota, excluding the State of Minnesota's choice of law provisions. Jurisdiction and venue shall reside in the County of Anoka, Minnesota.

**XXI. SEVERABILITY.**

The provisions of this Agreement shall be deemed severable. If any part of this Agreement is rendered void, invalid, or unenforceable, such rendering shall not affect the validity and enforceability of the remainder of this Agreement.

**XXII. NO RIGHTS OF THIRD PARTIES.**

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Except for specific provisions as related to ZAYO acting through the auspices of Anoka County, nothing in this Agreement is intended to confer any rights or remedies on other than the parties to the Agreement

**XXIII. ATTACHMENTS AND EXHIBITS.**

The following Exhibits are attached to this agreement and are incorporated into this agreement by reference:

**Attachment A:** Capacity and costs for each co-location service site

**Attachment B:** Co-location service site requirements

**Attachment C:** Insurance Requirements

**Attachment D:** Building Access Contact Information

**Attachment E:** Service Order Form

**Attachment F:** Frequently Asked Questions (FAQ)

**Attachment I:** Identification of Underlying Rights.

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The following Attachments are included for reference in this agreement and are informational exhibits, but do not confer any rights onto the Entity unless also specifically included in this agreement:

**Attachment G:** Wholesale Master Service Agreement, Anoka County Contract #2010-0239

**Attachment H:** Master Fiber IRU by and between ZAYO BANDWIDTH, LLC and Anoka County, Minnesota dated August 17, 2010 (this exhibit does not include 20 pages of photographic exhibits which are included in the original, and are available to Entities on request.)

**XXIV. AUDIT, DISCLOSURE AND RETENTION OF RECORDS**

Both parties agree to make available to duly authorized representatives of the other and of the State of Minnesota, for the purpose of audit examination pursuant to Minn. Stat. § 16C.05, any books, documents, papers, and records of the party that are pertinent to the provision of services hereunder. Both parties further agree to maintain all such required records for six (6) years after receipt of final payment and the closing of all other related matters.

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**XXV. INDEPENDENT CONTRACTOR**

A. Anoka County has entered into a separate contract with ZAYO for the construction of the ZAYO system/fiber optic network. See informational Exhibits G and H. ZAYO remains an independent contractor, however, and neither that agreement nor this one creates a partnership, joint venture or agency relationship between Zayo or the County. Anoka County has no authority to bind ZAYO beyond the obligations and responsibilities of those contracts.

B. It is agreed by the parties that at all times and for all purposes hereunder, the relationship of the County to the Entity is that of an independent contractor and not an employee or agent of the Entity.

C. It is agreed by the parties that at all times and for all purposes hereunder, the relationship of the Entity to the County is that of an independent contractor and not an employee or agent of the County

**XXVI. ENTIRE AGREEMENT**

It is understood and agreed by the parties that the entire agreements of the parties is contained herein and that this Agreement supersedes all oral agreements and negotiations between the parties relating to the subject matter hereof as well as any previous agreements presently in effect between the Anoka County and Entity relating to the subject matter hereof. The parties hereto revoke any prior oral or written agreement between themselves and hereby agree that this Agreement is the only and complete agreement regarding the subject hereof.

IN WITNESS WHEREOF, the Parties do hereby authorize the adoption of this agreement and do set their hands,

**ANOKA COUNTY**

\_\_\_\_\_ **MINNESOTA**

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By: \_\_\_\_\_

Rhonda Sivarajah, Chair  
County Board of Commissioners

Dated: \_\_\_\_\_

**ATTEST**

By: \_\_\_\_\_

Terry L. Johnson  
County Administrator

Dated: \_\_\_\_\_

**APPROVED AS TO FORM**

By: \_\_\_\_\_

Kathryn M. Timm  
Assistant County Attorney

Dated: \_\_\_\_\_

By:

Dated:

**ATTEST**

By:

Dated:

**APPROVED AS TO FORM**

By:

Dated:

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Attachments

Attachment A: Capacity and costs for each co-location service site

Attachment B: Co-location service site requirements

Attachment C: Insurance Requirements

Attachment D: Building Access Contact Information

Attachment E: Service Order Form

Attachment F: Frequently Asked Questions (FAQ)

Attachment G: Wholesale Master Service Agreement, Anoka County Contract #2010-0239<sup>1</sup>

Attachment H: Master Fiber IRU by and between ZAYO BANDWIDTH, LLC and Anoka County, Minnesota dated August 17, 2010 (this exhibit does not include 20 pages of photographic exhibits which are included in the original, and are available to Entities on request.)

Attachment I: Identification of Underlying Rights.

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<sup>1</sup> *Note Bene*, the MSA has two attachments which will be amended, but have not been so at the time of this writing. The list of 145 co-location sites has been altered since the MSA was signed on August 17, 2010. Once the final sites are approved by the NTIA, this attachment will be amended. Additionally, there is an attachment which details minimum power requirements at the co-locations site of 48 volts DC. The County and Zayo verbally agreed that these requirements will be changed to standard 110 AC. This verbal agreement has not been reduced to writing as of the date of this writing, but is expected shortly.

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ATTACHMENT A

Capacity and Costs for Co-location Sites

1. Entity Name: \_\_\_\_\_ MINNESOTA

2. Entity Contact Information:

Principal Contact:

Name: \_\_\_\_\_  
Position: \_\_\_\_\_  
Office Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Cell Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Home Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Pager: \_\_\_\_\_ ( ) \_\_\_\_\_  
Email: \_\_\_\_\_

Secondary Contact:

Name: \_\_\_\_\_  
Position: \_\_\_\_\_  
Office Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Cell Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Home Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Pager: \_\_\_\_\_ ( ) \_\_\_\_\_  
Email: \_\_\_\_\_

Billing Contact:

Name: \_\_\_\_\_  
Position: \_\_\_\_\_  
Office Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Cell Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Home Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Pager: \_\_\_\_\_ ( ) \_\_\_\_\_  
Email: \_\_\_\_\_

3. Following are the site locations included for equipment co-location:

Site #	Location	Address	City	Service Capacity	Monthly Costs	
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Final Agreement as April 4, 2011

Attachment B

Co-Location Service Site requirements

A. Security Requirements.

Entity shall provide best practices physical security to the co-location service site in the form of traditional lock service, key card, numeric access code, or electronic security system equal to that which Entity provides for its own assets. Keys, key cards, numeric access codes and the electronic security systems shall be maintained according to industry standards. Entity shall take all reasonable precautions to ensure the integrity of the security of the co-location service site. Anoka County shall make reasonable efforts to ensure that its employees and agents, including ZAYO, follow all written instructions at the co-location site as provided by the Entity.

B. Temperature and Environmental Control Requirements.

Space provided to ZAYO for the housing of the ZAYO system and equipment in the co-location service site shall meet industry standards for temperature controls, humidity, lighting, and protection from power surges and outages. Entity shall ensure that the co-location service site temperature remains in a constant range between 68°F and 83°F, and humidity remains in a constant range of 40%--60%. Entity shall use best efforts to implement a protection plan ensuring that the ZAYO System remains functional in the event of a power outage or similar emergency.

C. Environmental Space Requirements.

Entity shall provide sufficient cubic space for the installation of the ZAYO system and equipment in a secure area. ZAYO shall provide the space specifications for each co-location service site directly to Entity. Entity shall ensure that the space provided to ZAYO for the installation of the ZAYO System and equipment will also include sufficient space for ZAYO to access the equipment for repairs, maintenance and upgrades. The space will be convenient to the demarcation point, and will include any necessary space to install cable, conduit, fiber, and or circuitry from the demarcation point to the equipment.

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**Attachment C  
Insurance Requirements**

**Insurance Limits.** During the Term, each party shall obtain and maintain not less than the insurance set forth below:

**Worker's Compensation:**

Statutory limits.

**Automobile Liability Insurance:**

Such policy coverage will include coverage for all vehicles owned, hired, non-hired, non-owned and borrowed by the party in the performance of the obligations covered under this agreement: Combined single limit: \$1,000,000.00

**Commercial General Liability and /or Umbrella Liability:**

All liability insurance must meet the requirements of Minn. Stat § 466.04 subdivision 1 (a) (3) or \$500,000.00, minimum liability for claims of death by wrongful act or omission and \$500,000.00 to any claimant in any other case, whichever is greater.

All liability insurance must meet the requirements of Minn. Stat. § 466.04 Subdivision 1 (a) (7) or \$1,500,000.00 minimum liability for any number of claims arising out of a single occurrence, whichever is greater.

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All umbrella insurance must meet the requirements of Minn. Stat. §466.04 Subd. 1(a) (8). Umbrella insurance coverage must be on a "follow-form" basis.

The above limits may be satisfied using a combination of primary and excess coverage, self insurance as provided by Minn. Stat. § 471.981.

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The above minimum requirements as to insurance coverage shall not limit the liability of either party under this agreement.

Each Party shall obtain and maintain the insurance policies required above with insurance and /or reinsurance companies authorized to insure risks in Minnesota. With the exception of Worker's Compensation, each party, its Affiliates, and their officers, directors and employees and any other person entitled to indemnification hereunder, shall be named as additional insured to the extent of such indemnification. Each Party shall provide the other party with a certificate of insurance showing that the party has complied with the insurance requirements of this Attachment. Each insurance policy shall contain a provision providing such other party with thirty days advanced notice of any cancellation or material

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change in coverage at which time such party will notify the other party immediately of such cancellation or material change in coverage.

**Deductible/ Self Insured Retentions:** All proof of insurance shall clearly set forth deductible or self insured retentions. Each Party shall be responsible for its deductible and/or self insured retentions.

Final Agreement as April 4, 2011.

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ATTACHMENT D  
Building Access Contact Information

Entity shall provide 24 hour, seven day a week access to ZAYO for the ZAYO System equipment housed in the Co-location service site for the purposes of maintenance, service, upgrade and repairs of the equipment and system. Such access will include the name and contact information of co-location site key-holder for business and non-business hour access. All access shall comply with written instructions provided to ZAYO and County (see section IV.F).

*Please provide contacts below.*

**Business Hour Contact(s)** – List contacts in the order you would like them to be called. Provide a *minimum of 2* contacts (you may provide as many as you would like).

Contact #1

Name: \_\_\_\_\_  
Position: \_\_\_\_\_  
Office Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Cell Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Home Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Pager: \_\_\_\_\_ ( ) \_\_\_\_\_  
Email: \_\_\_\_\_

Contact #2

Name: \_\_\_\_\_  
Position: \_\_\_\_\_  
Office Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Cell Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Home Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Pager: \_\_\_\_\_ ( ) \_\_\_\_\_  
Email: \_\_\_\_\_

Contact #3

Name: \_\_\_\_\_  
Position: \_\_\_\_\_  
Office Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Cell Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Home Phone: \_\_\_\_\_ ( ) \_\_\_\_\_  
Pager: \_\_\_\_\_ ( ) \_\_\_\_\_  
Email: \_\_\_\_\_

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Non-Business Hour Contact(s) – List contacts in the order you would like them to be called. These contacts should have keys for building access to the co-location equipment area and be available after hours. Select people you would like called in case of such emergencies as equipment failures, fiber hits, storm damage, emergency locates, etc. Provide a *minimum of 2* contacts (you may provide as many as you would like).

Contact #1

Name: \_\_\_\_\_  
Position: \_\_\_\_\_  
Office Phone: \_\_\_\_\_  
Cell Phone: \_\_\_\_\_  
Home Phone: \_\_\_\_\_  
Pager: \_\_\_\_\_  
Email: \_\_\_\_\_

Contact #2

Name: \_\_\_\_\_  
Position: \_\_\_\_\_  
Office Phone: \_\_\_\_\_  
Cell Phone: \_\_\_\_\_  
Home Phone: \_\_\_\_\_  
Pager: \_\_\_\_\_  
Email: \_\_\_\_\_

Contact #3

Name: \_\_\_\_\_  
Position: \_\_\_\_\_  
Office Phone: \_\_\_\_\_  
Cell Phone: \_\_\_\_\_  
Home Phone: \_\_\_\_\_  
Pager: \_\_\_\_\_  
Email: \_\_\_\_\_

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Updates may be submitted to Anoka County IS at address provided in the Notices Section.

Attachment I

Identification of Underlying Rights

For Co-location sites

1. Entity: \_\_\_\_\_

Co-Location Site #1: \_\_\_\_\_

\_\_\_\_\_ Type of Underlying Right given: \_\_\_\_\_

Co-Location Site #2: \_\_\_\_\_

\_\_\_\_\_ Type of Underlying Right given: \_\_\_\_\_

Co-Location Site #3: \_\_\_\_\_

\_\_\_\_\_ Type of Underlying Right given: \_\_\_\_\_

Co-Location Site #4: \_\_\_\_\_

\_\_\_\_\_ Type of Underlying Right given: \_\_\_\_\_

Co-Location Site #5: \_\_\_\_\_

\_\_\_\_\_ Type of Underlying Right given: \_\_\_\_\_

Co-Location Site #6: \_\_\_\_\_

\_\_\_\_\_ Type of Underlying Right given: \_\_\_\_\_

Co-Location Site #7: \_\_\_\_\_

\_\_\_\_\_ Type of Underlying Right given: \_\_\_\_\_

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## Dallas Larson

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**From:** Paul Palzer  
**Sent:** Tuesday, April 05, 2011 3:03 PM  
**To:** Dallas Larson  
**Cc:** Greg Burmeister  
**Subject:** Replacement of bolts for trail project

Hello Dallas -

I have received quotes from Burshville Construction and Olson Sewer Service for the replacement of bolts on 3 hydrants and 8 gate valves that are along the trail project and not directly in the path, within 5 feet of the project. Like in the past, the city has replaced the original bolts with blue bolts in our hydrants and gate valves due to a 20% failure rate in the bolts from electrolysis action from the soil. The typical repair cost for emergency work is about \$4,000 - \$8,000 per item depending on its location and the extent of the repair to the surrounding streets and yards. The quotes were as follows:

Burshville construction    \$28,625.00

Olson Sewer Service        \$30,163.08

I would recommend hiring Burschville on a time & material rate not to exceed their original quote. Their crew rate is \$480.00 per hour and the cost of the bolts is minimal compared to the total project cost. We will have to keep track of the hours and have a person inspecting the job. Please let me know how to proceed?

Paul

I agree with Paul's recommendation.

Dallas Larson, Admin.

STATE OF MINNESOTA  
COUNTY OF ANOKA  
CITY OF CENTERVILLE

Res. #11-0 \_\_\_\_

A RESOLUTION AUTHORIZING CLOSED FUND

WHEREAS, a certain debt service fund (Fund Number 312) was established to account for revenue and expenses related to debt service requirements for the 2004 Street Improvement Project, and

WHEREAS, the remaining debt associated with the 2004 Improvement Project (Fund Number 312) has been refinanced in combination with the 2007 Improvement Bonds (Fund Number 349), and

WHEREAS, it is no longer necessary to account for the two bond issues in separate funds.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF CENTERVILLE, MINNESOTA:

The Council hereby authorizes closing of Fund Number 312 to Fund Number 349 with all account balances transferred accordingly.

Adopted by the City Council this \_\_\_\_ day of April, 2011.

\_\_\_\_\_  
Tom Wilharber, Mayor

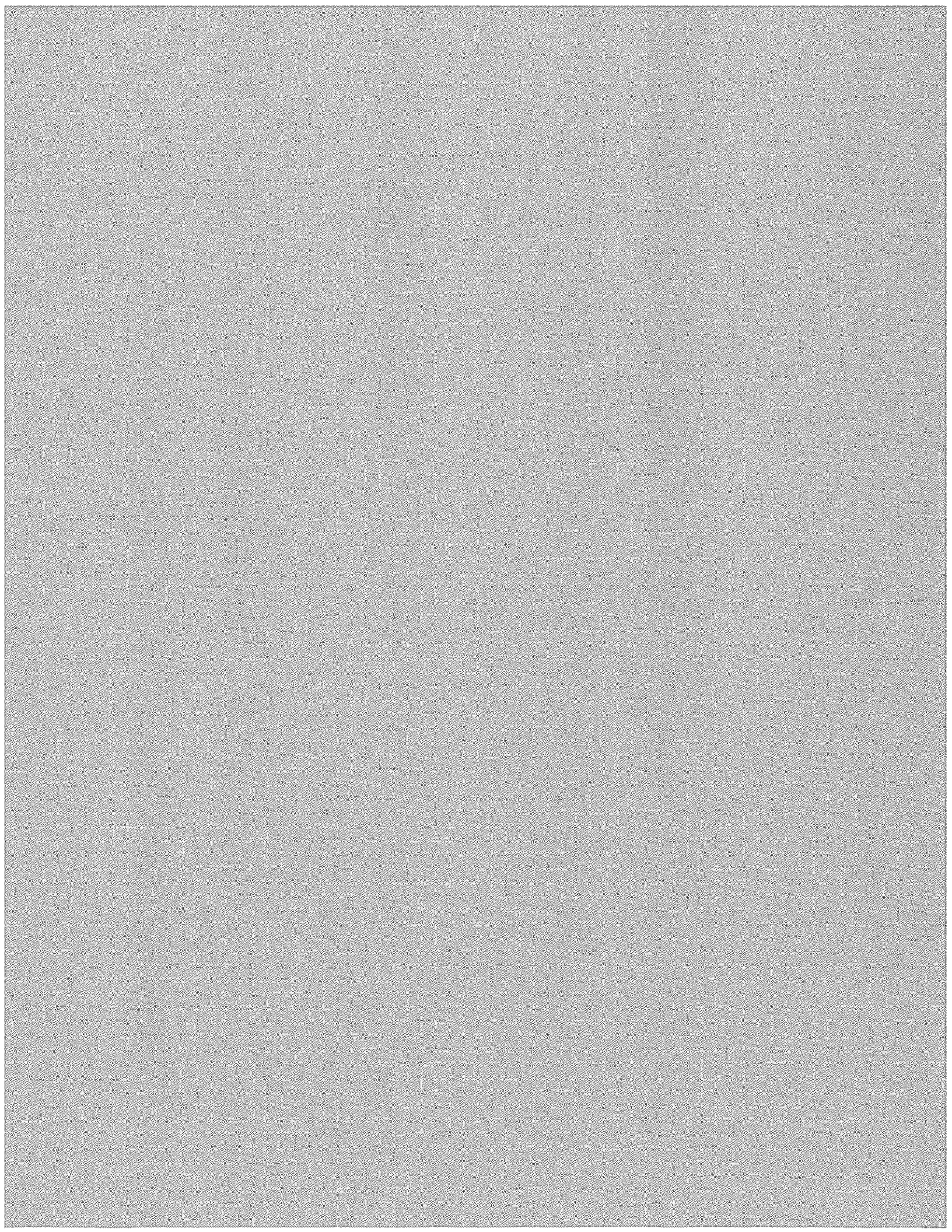
Attest: \_\_\_\_\_  
Teresa Bender, Clerk





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CITY OF CENTERVILLE

**MONTHLY ENGINEER'S REPORT**

For the April 13, 2011 City Council Meeting

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*Italics = New information.*

Normal = No change from last report.

1. **21<sup>st</sup> Avenue/Backage Road (000616-05143-0).** *On hold pending possible appeal.*
2. **TE Grant Trail Project (000616-08165-0).** Construction will begin in the spring. The contractor has been submitting shop drawings and materials information for our review. *A spring pre-construction conference will be held in the coming weeks.*
3. **2008 Downtown Storm Water Improvements (000616-08167-0).** *Installation of the inlet screen will be complete; meaning Contract A is mostly complete with the exception of some restoration. The irrigation system construction can begin in the spring when conditions allow.*

*We are close to a finalized agreement with the Rice Creek Watershed District for the credit system which will allow downtown redevelopment to utilize the storm water reclamation system to meet their permit requirements.*

4. **Peltier Lake Drive Area Street & Utility Improvements (2009.01) (000616-09169-0), 2009 Street Improvements (2009.02) (000616-09170-0).** *The City attorney will be giving an update on our recommendations for final payment on these two projects.*
5. **Community Development Block Grant Water Services Project (000616-10171-0).** *The work is mostly complete. We will make final payment on the contract soon.*



## *Metro Meetings*

*A weekly calendar of meetings and agenda items for the Metropolitan Council, its advisory and standing committees, and regional Council sponsored events. The Metropolitan Council is located at 390 Robert St. N., in downtown St. Paul. All meetings are held at this location unless otherwise noted. Meeting times and agendas are subject to change. Visit our website at [www.metrocouncil.org](http://www.metrocouncil.org) for more information. Video of meetings of the Council and some committees are now available live and archived for later viewing at [www.metrocouncil.org](http://www.metrocouncil.org)*

Week of April 4 – 8, 2011

### Monday, April 4

#### Community Development Committee: 4 p.m., Chambers

- Orientation: Livable Communities Act;
- LCA Fund Distribution Plan;
- LCA Grant Amendment Procedures – Revision of Terms and Extension Guidelines;

#### Information

- Regional Development Framework Orientation;
- Local Planning Assistance – Implementation of the Land Planning Act Orientation; and other business.

### Tuesday, April 5

#### Metropolitan Parks and Open Space Commission: 4 p.m., Lower Level A

- Annual Use Estimate of the Metropolitan Regional Parks System for 2010;
- 2012-17 Metro Regional Capital Improvement Program Policy Review;
- Minnesota River Bluffs Extension & Scott County Connection Regional Trail Master Plan and Park Acquisition Opportunity Fund Grants, Scott and Carver County;
- MPOSC 2011 Off-Site Meetings and Tours; and other business.

### Wednesday, April 6

#### Technical Advisory Committee to the TAB: 9 a.m., Chambers

- Section 106 Process and Streamlining Measures;
- Federal Funding Status;
- TIP Amendment for Metro Transit Hybrid Buses;
- TDM Funding Recommendation;
- Solicitation Adoption;
- Functional Classification Changes, City of Maple Grove;
- Functional Classification Changes, Hennepin County; and other business.

#### Transportation Accessibility Advisory Committee: 12:30 p.m., Chambers

- Legislative Update;
- Transitway Guidelines Update;
- Onboard Camera Update;
- Task Force Update-CCLRT;
- Metro Mobility Statistics; and other business.

~~Canceled: Committee of the Whole~~

### Thursday, April 7

No meetings scheduled

Friday, April 8

No meetings scheduled

Tentative Week of April 11 – 15, 2011

Monday, April 11

Transportation Committee: 4 p.m., Chambers

Tuesday, April 12

Environment Committee: 4 p.m., Chambers

Wednesday, April 13

Central Corridor Management Committee: 1 p.m., Chambers

Management Committee: 2:30 p.m., Lower Level A

Metropolitan Council: 4 p.m., Chambers

Thursday, April 14

TAB Policy Committee: 1 p.m., Chambers

TAC Planning Committee: 2 p.m., Lower Level A

Friday, April 15

No meetings scheduled



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**Week of March 28 – April 1, 2011**

**Monday, March 28**

**Transportation Committee: 4 p.m., Chambers, 390 North Robert St., St. Paul**

- Metro Transit Employee Recognition;
  - General Manager's Report;
  - Director MTS Report;
  - Approval of Transportation Committee 2011 Work Plan;
  - Software Support Services for Hiawatha Light Rail;
  - SMARTCoM Maintenance Agreement with Trapeze;
  - Regional Automatic Vehicle Location (RAVL) System Interagency Agreements;
  - Authorization to Amend Contract for Diesel Fuel Supply;
  - 2011-2014 TIP Amendment: Include Metro Transit FTA Section 5309 Funds for Real Time Transit Arrival Signs and Transit Signal Priority;
  - 2011-2014 TIP Amendment: Metro Transit SP#CMT-09-07: Maplewood Mall Transit Center Expansion;
  - 2011-2014 TIP Amendment: Add Metro Transit FTA Section 5309 Funding for Construction of a New Paint Booth;
  - 2011-2014 TIP Amendment: FTA Section 5310 Projects for Transportation for Elderly and Persons with Disabilities;
  - 2011-2014 TIP Amendment: Dakota County SP#091-090-048: Mississippi River Trail from Cahill to Pine Bend Bluffs Trailhead;
  - Rescission of BI 2010-302 and Authorization to exercise Contract Options with Motor Coach Industries;
- Information**
- Park-and-Ride Survey Update;
  - Central Corridor Light Rail Project Overview; and other business.

**Tuesday, March 29**

No meetings scheduled

**Wednesday, March 30**

~~Canceled: Southwest Corridor Management Committee~~

**Metropolitan Council Special Meeting: 4 p.m., Chambers**

- Authorization to Exercise Contract Options with Gillig Corporation;
- Authorization to Exercise Contract Options with Motor Coach Industries;
- Resolution 2011-06 Authorizing Grant Execution for Minnesota Housing Agency Bridges Rental Assistance Program;
- Eureka Township 2030 Comprehensive Plan Update;
- 2011-2014 TIP Amendment Metro Transit: TIGGER II Section 5309 Funds to Install Geothermal Heating/Cooling System in O&M and Support Facility;
- 2011-2014 TIP Amendment City of St. Paul SP#164-030-009: Planning for Saint Paul Complete Streets Policy;
- 2011-2014 TIP Amendment MnDOT: SP#2750-75 Convert Existing Intersection to a Folded Diamond Half Interchange at TH 169 and 93rd Ave.;



- 2011-2014 TIP Amendment MnDOT SP#2750-73: Install Cable Median Barrier on TH 169 North of 63rd Ave. to South of CSAH 81 in Brooklyn Park;
  - Authorization to Award Contract for Armored Car Service;
  - Mississippi West Regional Park Master Plan Update, Anoka County;
  - Amend Scope of Grant SG-2009-039 and Grant SG-2009-040 Financed with FY 2010 Parks and Trails Legacy Fund Appropriations, Minneapolis Park & Recreation Board;
  - Amend scope of Grant SG-2008-055 and Future CIP Reimbursement Request for Como Pool Replacement Project, City of St. Paul;
  - Authorization to Award and Execute Construction Contract 10P052-A for Metropolitan Wastewater Treatment Plant Primary Settling Tanks Sludge Collection System Improvements, Biofilter Access Addition, and Liquid Waste Receiving Tunnel Access;
  - Authorization to Reject all Bids for Construction of the Metropolitan Wastewater Treatment Plant Double Barrel Interceptor Improvements;
  - Authorization to Award and Execute Contract 10P220 for Construction of 1-MW-413 Interceptor Rehabilitation;
  - Authorization for Sole Source Procurement from Electric Machinery for OEM Parts;
  - Resolution 2011-07 Metropolitan Sports Facilities Commission 2011 Budget Amendment;
  - Teamsters Labor Agreement;
  - Council Authorization of Claim Settlement;
  - Resolution 2011-08 Changing Environmental Committee Meeting Time;
- Information
- Results of the 2010 Census; and other business.

Thursday, March 31

No meetings scheduled

Friday, April 1

No meetings scheduled

Tentative Week of April 4 – 8, 2011

Monday, April 4

Community Development Committee: 4 p.m., Chambers

Tuesday, April 5

Metropolitan Parks and Open Space Commission: 4 p.m., Lower Level A

Wednesday, April 6

Technical Advisory Committee to the TAB: 9 a.m., Chambers

Transportation Accessibility Advisory Committee: 12:30, Chambers

Committee of the Whole: 4 p.m., Chambers

Thursday, April 7

No meetings scheduled

Friday, April 8

No meetings scheduled

