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TOWN OF CENTREVILLE, MISSISSIPPI

ANNUAL FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2017
AND FOR THE YEAR THEN ENDED

WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF CENTREVILLE, MISSISSIPPI

Annual Financial Statements
As of and for the Year Ended September 30, 2017
With Supplementary Information Schedules

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TOWN OF CENTREVILLE, MISSISSIPPI

Annual Financial Statements
As of and for the Year Ended September 30, 2017
With Supplementary Information Schedules

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen
Town of Centreville, Mississippi

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 Town of Centreville, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Centreville, Mississippi, as of September 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 and the budgetary comparison information, the Schedule of Town of Centreville, Mississippi's Proportionate Share of the Net Pension Liability, and the Schedule of Town of Centreville, Mississippi's Contributions on pages 37 through 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Centreville, Mississippi's basic financial statements. The introductory section, combining nonmajor fund financial statements, and schedules described in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2020, on our consideration of the Town of Centreville, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Centreville, Mississippi's internal control over financial reporting and compliance.



Natchez, Mississippi
February 7, 2020

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

TOWN OF CENTREVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2017

The management of the Town of Centreville, Mississippi offers readers of the Town of Centreville, Mississippi's (the Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2017. This management's discussion and analysis is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of the Town's finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The Town presents its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement 34 and the subsequent amendments issued with Governmental Accounting Standards Board Statement 63. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

Overview of the Financial Statements

This section is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement 34 and the subsequent amendments issued with GASB Statement 63 to provide the readers with a concise "entity-wide" statement of net position and statement of activities, which seek to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private-sector businesses.

The statement of net position presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

The statement of activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example, the police and fire departments. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the gas, water, sewer, and garbage departments.

TOWN OF CENTREVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

SEPTEMBER 30, 2017

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$2,069,857 (net position); this represents an increase of \$4,572 from last fiscal year. Of this total net position amount, (\$1,105,221) is unrestricted net deficit. The Town's net position is comprised of (\$124,543) from governmental activities and \$2,194,400 from business-type activities.

The following is a condensed statement of the Town's net position as of September 30, 2017:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Assets						
Current and other assets	\$ 349,742	\$ 377,606	\$ 373,373	\$ 349,278	\$ 723,115	\$ 726,884
Capital assets (net)	<u>1,015,581</u>	<u>1,060,788</u>	<u>2,653,941</u>	<u>2,548,462</u>	<u>3,669,522</u>	<u>3,609,250</u>
Total assets	<u>\$ 1,365,323</u>	<u>\$ 1,438,394</u>	<u>\$ 3,027,314</u>	<u>\$ 2,897,740</u>	<u>\$ 4,392,637</u>	<u>\$ 4,336,134</u>
Deferred Outflows of Resources						
	<u>\$ 67,582</u>	<u>\$ 222,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,582</u>	<u>\$ 222,302</u>
Liabilities						
Other liabilities	\$ 104,898	\$ 89,625	\$ 245,940	\$ 260,689	\$ 350,838	\$ 350,314
Long-term liabilities	<u>1,423,506</u>	<u>1,571,721</u>	<u>586,974</u>	<u>567,319</u>	<u>2,010,480</u>	<u>2,139,040</u>
Total liabilities	<u>\$ 1,528,404</u>	<u>\$ 1,661,346</u>	<u>\$ 832,914</u>	<u>\$ 828,008</u>	<u>\$ 2,361,318</u>	<u>\$ 2,489,354</u>
Deferred Inflows of Resources						
	<u>\$ 29,044</u>	<u>\$ 3,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,044</u>	<u>\$ 3,797</u>
Net position						
Net investment in capital, assets	\$ 1,060,788	\$ 1,100,672	\$ 2,017,046	\$ 1,909,982	\$ 3,077,834	\$ 3,010,654
Restricted	97,234	108,321	10	10	97,244	108,331
Unrestricted	<u>(1,282,565)</u>	<u>(1,213,440)</u>	<u>177,344</u>	<u>159,740</u>	<u>(1,105,221)</u>	<u>(1,053,700)</u>
Total net position	<u>\$ (124,543)</u>	<u>\$ (4,447)</u>	<u>\$ 2,194,400</u>	<u>\$ 2,069,732</u>	<u>\$ 2,069,857</u>	<u>\$ 2,065,285</u>

By far the largest portion of the Town's net position (\$3,077,834 over 100%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, the Town infrastructure, etc.) less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance is made up of unrestricted net deficit [(\$1,105,221) or (53%)], which may be used to meet the government's ongoing obligations to citizens and creditors and restricted net position (\$97,244 or 5%), which are restricted to specific uses.

The Town has total outstanding debt of \$741,895, which was used to finance some of the \$3,669,552 in capital assets. Total liabilities of \$2,361,318 are equal to 114% of the total net position.

TOWN OF CENTREVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Government-Wide Financial Analysis (continued)

The Town's governmental activities decreased net position by \$120,096. Additionally, the Enterprise Fund increased net position by \$124,668.

The following is a summary of the statement of activities:

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenue						
Program revenue	\$ 30,823	\$ 36,595	\$ 1,140,764	\$ 970,242	\$ 1,171,587	\$ 1,006,837
General revenue	<u>575,144</u>	<u>571,910</u>	<u>938</u>	<u>1,083</u>	<u>576,082</u>	<u>572,993</u>
Total revenue and transfers	<u>\$ 605,967</u>	<u>\$ 608,505</u>	<u>\$ 1,141,702</u>	<u>\$ 971,325</u>	<u>\$ 1,747,669</u>	<u>\$ 1,579,830</u>
Expenses						
General government	\$ 408,379	\$ 384,482	\$ -	\$ -	\$ 408,379	\$ 384,482
Public safety	450,109	426,200	-	-	450,109	426,200
Highway and streets	133,815	149,806	-	-	133,815	149,806
Employee benefits	-	690	-	-	-	690
Combined utility	-	-	772,221	742,304	772,221	742,304
Interest on long-term debt	<u>6,050</u>	<u>8,050</u>	<u>11,679</u>	<u>11,664</u>	<u>17,729</u>	<u>19,714</u>
Total expenses	<u>\$ 998,353</u>	<u>\$ 969,228</u>	<u>\$ 783,900</u>	<u>\$ 753,968</u>	<u>\$ 1,782,253</u>	<u>\$ 1,723,196</u>
Net transfers in (out)	<u>233,065</u>	<u>310,221</u>	<u>(236,281)</u>	<u>(357,536)</u>	<u>(3,216)</u>	<u>(47,315)</u>
Increase (decrease) in net position	<u>\$ (159,321)</u>	<u>\$ (50,502)</u>	<u>\$ 121,521</u>	<u>\$ (140,179)</u>	<u>\$ (37,800)</u>	<u>\$ (190,681)</u>
Net position, beginning of year	\$ (4,447)	\$ 46,055	\$ 2,069,732	\$ 2,243,992	\$ 2,065,285	\$ 2,290,047
Prior period adjustment	<u>39,225</u>	<u>-</u>	<u>3,147</u>	<u>(34,081)</u>	<u>42,372</u>	<u>(34,081)</u>
Net position, beginning of year - as restated	<u>\$ 34,778</u>	<u>\$ 46,055</u>	<u>\$ 2,072,879</u>	<u>\$ 2,209,911</u>	<u>\$ 2,107,657</u>	<u>\$ 2,255,966</u>
Net position, end of year	<u>\$ (124,543)</u>	<u>\$ (4,447)</u>	<u>\$ 2,194,400</u>	<u>\$ 2,069,732</u>	<u>\$ 2,069,857</u>	<u>\$ 2,065,285</u>

Governmental Activities

The governmental activities of the Town include general government, public safety, highways and streets, employee benefits, and payment of interest on long-term debt. In that revenues normally associated with municipal operations, (e.g., sales tax, property tax, franchise fees, license fees, permits, fines, and operating grants) are insufficient for the funding of these activities, the Town relies on transfers of excess revenue from its Enterprise Fund to cover the cost of all activities.

TOWN OF CENTREVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Government-Wide Financial Analysis (continued)

Business-Type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has one business-type activity, which is accounted for in the Enterprise Fund. The Town uses the Enterprise Fund to account for the revenues and expenses related to the provision of gas, water, sewer, and garbage services.

The following is a summary of the business-type activities of the Town:

	Operating Revenues				
	Water	Sewer	Gas	Garbage	Total
Fiscal year ended September 30, 2016	\$ 421,109	\$ 167,638	\$ 242,291	\$ 106,904	\$ 937,942
Fiscal year ended September 30, 2017	<u>414,616</u>	<u>165,028</u>	<u>204,298</u>	<u>104,185</u>	<u>888,127</u>
Increase (decrease) from prior year	<u>\$ (6,493)</u>	<u>\$ (2,610)</u>	<u>\$ (37,993)</u>	<u>\$ (2,719)</u>	<u>\$ (49,815)</u>
	Operating Expenses				
	Water	Sewer	Gas	Garbage	Total
Fiscal year ended September 30, 2016	\$ 224,811	\$ 153,040	\$ 222,902	\$ 141,551	\$ 742,304
Fiscal year ended September 30, 2017	<u>274,881</u>	<u>162,714</u>	<u>208,284</u>	<u>126,342</u>	<u>772,221</u>
Increase (decrease) from prior year	<u>\$ (50,070)</u>	<u>\$ (9,674)</u>	<u>\$ 14,618</u>	<u>\$ 15,209</u>	<u>\$ (29,917)</u>
	Net Income (Loss) From Operations				
	Water	Sewer	Gas	Garbage	Total
Fiscal year ended September 30, 2016	\$ 196,298	\$ 14,598	\$ 19,389	\$ (34,647)	\$ 195,638
Fiscal year ended September 30, 2017	<u>139,735</u>	<u>2,314</u>	<u>(3,986)</u>	<u>(22,157)</u>	<u>115,906</u>
Increase (decrease) from prior year	<u>\$ (56,563)</u>	<u>\$ (12,284)</u>	<u>\$ (23,375)</u>	<u>\$ 12,490</u>	<u>\$ (79,732)</u>

TOWN OF CENTREVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Government-Wide Financial Analysis (continued)

Business-Type Activities (continued)

The reasons for major fluctuations noted above are as follows:

All departments showed decreases in net income (loss) from operations primarily due to decreases in operating revenues.

Fund Financial Statements – Governmental Funds

The fund financial statements provide more detailed information about the Town's most significant funds, not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town currently maintains four individual governmental fund types. These fund types are the general fund, special revenue fund, debt service fund, and agency fund. Information is presented separately in the governmental funds balance sheet (Statement C) and in the governmental fund statement of revenues, expenditures, and changes in fund balances (Statement E) for the general fund, which is considered to be a major fund.

The Town adopts an annual budget for the general fund. A statement of revenues, expenditures, and changes in fund balance for the general fund is presented in the Required Supplementary Information (Part II), which compares actual revenues and expenditures to the original budget and amended budget figures.

Financial Analysis of the Town's Governmental Funds

The Town of Centreville's governmental funds reported an ending fund balance of \$294,844, which is a decrease of \$43,137. \$197,610 of the fund balance is unassigned. The remaining balances of \$5,162, \$31,599, and \$60,473 are restricted for unemployment claims, debt service, and special fire expenditures, respectively.

Fund Financial Statements – Proprietary Funds

The Town maintains one proprietary fund. Proprietary funds are used to report the same functions as business-type activities. The Town uses an Enterprise Fund (the first type of proprietary fund) to account for its combined water, sewer, gas, and garbage operations. This Enterprise Fund reports the same functions presented as business-type activities in the government-wide financial statements.

Financial Analysis of the Town's Proprietary Fund

The Town's Enterprise Fund shows an increase in fund balance of \$124,668. The increase was primarily due to the increase in grant revenue. \$177,344 of the net position was unrestricted at September 30, 2017. The remaining amounts of \$2,017,046 and \$10 represent the Town's investment in its utility systems and equipment and deposits for construction projects.

In that financial statements of the Enterprise Fund are presented on the same basis of accounting as in both the government-wide financial statements and the individual fund statements, all comments and analysis made under business-type activities apply to these funds.

TOWN OF CENTREVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017

Fund Financial Statements – Proprietary Funds (continued)

General Fund Budgetary Highlights

The actual revenue for the current fiscal year was not sufficient to meet all expenditures and shows a \$71,275 decrease in fund balance. The final budget and the actual results difference show a negative position of \$126,894. Revenues exceeded budgeted amounts by \$63,327. Actual expenditures were less than budgeted expenditures by \$3,231. Operating net transfers showed a negative variance of \$193,542. The original budget was amended once during the year.

Capital Assets and Debt Administration

The total investment in net capital assets as of September 30, 2017, is \$3,669,522.

Requests for Information

This financial report is designed to provide a general overview of the Town of Centreville, Mississippi's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Kimberly Montgomery, Municipal Clerk, Post Office Box 578, Centreville, Mississippi 39631.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF CENTREVILLE, MISSISSIPPI

STATEMENT OF NET POSITION

SEPTEMBER 30, 2017

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 130,372	\$ 83,613	\$ 213,985
Receivables (net of allowances for uncollectibles)	90,501	169,866	260,367
Internal balances	34,868	(28,595)	6,273
Restricted assets	94,001	148,489	242,490
Capital assets (net)	<u>1,015,581</u>	<u>2,653,941</u>	<u>3,669,522</u>
Total assets	<u>\$ 1,365,323</u>	<u>\$ 3,027,314</u>	<u>\$ 4,392,637</u>
DEFERRED OUTFLOWS OF RESOURCES - PENSIONS			
	<u>\$ 67,582</u>	<u>\$ -</u>	<u>\$ 67,582</u>
<u>LIABILITIES</u>			
Cash overdraft	\$ 7,745	\$ -	\$ 7,745
Accounts, salaries, and other payables	47,153	44,497	91,650
Payable from restricted assets	-	148,479	148,479
Notes payable, due within one year	50,000	52,964	102,964
Compensated absences payable	38,634	3,043	41,677
Notes payable, beyond one year	55,000	583,931	638,931
Net pension liability	<u>1,329,872</u>	<u>-</u>	<u>1,329,872</u>
Total liabilities	<u>\$ 1,528,404</u>	<u>\$ 832,914</u>	<u>\$ 2,361,318</u>
DEFERRED INFLOWS OF RESOURCES - PENSIONS			
	<u>\$ 29,044</u>	<u>\$ -</u>	<u>\$ 29,044</u>
<u>NET POSITION</u>			
Net investment in capital assets	\$ 1,060,788	\$ 2,017,046	\$ 3,077,834
Restricted	97,234	10	97,244
Unrestricted	<u>(1,282,565)</u>	<u>177,344</u>	<u>(1,105,221)</u>
Total net position	<u>\$ (124,543)</u>	<u>\$ 2,194,400</u>	<u>\$ 2,069,857</u>

See accompanying notes to the basic financial statements.

TOWN OF CENTREVILLE, MISSISSIPPI

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2017

		Program Revenues				Net (Expenses), Revenues, and Changes		
	Expenses	Charges for Services	Operating Grants and Contri- butions	Capital Grants and Contri- butions	Net (Expenses)/ Revenue	Govern- mental Activities	Business- Type Activities	Total
<u>GOVERNMENTAL ACTIVITIES</u>								
General government	\$ 408,379	\$ 12,290	\$ -	\$ -	\$ (396,089)	\$ (396,089)	\$ -	\$ (396,089)
Public safety	450,109	18,533	-	-	(431,576)	(431,576)	-	(431,576)
Highways and streets	133,815	-	-	-	(133,815)	(133,815)	-	(133,815)
Interest on long-term debt	6,050	-	-	-	(6,050)	(6,050)	-	(6,050)
Total governmental activities	<u>\$ 998,353</u>	<u>\$ 30,823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (967,530)</u>	<u>\$ (967,530)</u>	<u>\$ -</u>	<u>\$ (967,530)</u>
<u>BUSINESS-TYPE ACTIVITIES</u>								
Water and sewer	\$ 444,213	\$ 579,644	\$ -	\$ 252,637	\$ 388,068	\$ -	\$ 388,068	\$ 388,068
Gas	211,434	204,298	-	-	(7,136)	-	(7,136)	(7,136)
Garbage	128,253	104,185	-	-	(24,068)	-	(24,068)	(24,068)
Total business-type activities	<u>\$ 783,900</u>	<u>\$ 888,127</u>	<u>\$ -</u>	<u>\$ 252,637</u>	<u>\$ 356,864</u>	<u>\$ -</u>	<u>\$ 356,864</u>	<u>\$ 356,864</u>
Total	<u>\$ 1,782,253</u>	<u>\$ 918,950</u>	<u>\$ -</u>	<u>\$ 252,637</u>	<u>\$ (610,666)</u>	<u>\$ (967,530)</u>	<u>\$ 356,864</u>	<u>\$ (610,666)</u>
General revenues:								
Ad valorem taxes						\$ 227,757	\$ -	\$ 227,757
Licenses and permits						30,478	-	30,478
Intergovernmental revenues						292,076	-	292,076
Investment earnings						2,066	938	3,004
Other general revenues						22,767	-	22,767
Transfers						233,065	(236,281)	(3,216)
Total general revenues and transfers						<u>\$ 808,209</u>	<u>\$ (235,343)</u>	<u>\$ 572,866</u>
Change in net position						<u>\$ (159,321)</u>	<u>\$ 121,521</u>	<u>\$ (37,800)</u>
Net position - beginning						<u>\$ (4,447)</u>	<u>\$ 2,069,732</u>	<u>\$ 2,065,285</u>
Prior period adjustment						<u>39,225</u>	<u>3,147</u>	<u>42,372</u>
Net position - beginning, as restated						<u>\$ 34,778</u>	<u>\$ 2,072,879</u>	<u>\$ 2,107,657</u>
Net position - ending						<u>\$ (124,543)</u>	<u>\$ 2,194,400</u>	<u>\$ 2,069,857</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TOWN OF CENTREVILLE, MISSISSIPPI

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

	Major Fund General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 130,372	\$ -	\$ 130,372
Accounts receivable (net of allowances for uncollectibles)	25,970	64,531	90,501
Restricted assets	-	94,001	94,001
Due from other funds	83,465	29,784	113,249
Total assets	<u>\$ 239,807</u>	<u>\$ 188,316</u>	<u>\$ 428,123</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Cash overdraft	\$ -	\$ 7,745	\$ 7,745
Accounts payable	24,766	4,956	29,722
Accrued liabilities	17,431	-	17,431
Due to other funds	-	78,381	78,381
Total liabilities	<u>\$ 42,197</u>	<u>\$ 91,082</u>	<u>\$ 133,279</u>
Fund balance:			
Restricted:			
Unemployment claims	\$ -	\$ 5,162	\$ 5,162
Debt payments	-	31,599	31,599
Fire department expenditures	-	60,473	60,473
Unassigned, reported in:			
General fund	197,610	-	197,610
Total fund balance	<u>\$ 197,610</u>	<u>\$ 97,234</u>	<u>\$ 294,844</u>
Total liabilities and fund balance	<u>\$ 239,807</u>	<u>\$ 188,316</u>	<u>\$ 428,123</u>

See accompanying notes to the basic financial statements.

TOWN OF CENTREVILLE, MISSISSIPPI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET POSITION

SEPTEMBER 30, 2017

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$	294,844
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		1,015,581
Compensated absences expenses are not payable in the current period and, accordingly, are not included in the governmental funds.		(38,634)
Deferred outflows and inflows are not financial resources or currently payable.		
Deferred outflows		67,582
Deferred inflows		(29,044)
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Bonds and notes payable		(105,000)
Net pension liability		<u>(1,329,872)</u>
Net Position of Governmental Activities (Statement A)	\$	<u>(124,543)</u>

See accompanying notes to the basic financial statements.

TOWN OF CENTREVILLE, MISSISSIPPI

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Major Fund General Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>			
Ad valorem taxes	\$ 187,685	\$ 40,072	\$ 227,757
Licenses and permits	30,478	-	30,478
Intergovernmental revenues	288,319	3,757	292,076
Fines and forfeitures	18,533	-	18,533
Investment earnings	1,690	376	2,066
Other revenues	25,057	10,000	35,057
Total revenues	\$ 551,762	\$ 54,205	\$ 605,967
<u>EXPENDITURES</u>			
General government	\$ 302,046	\$ -	\$ 302,046
Public safety	434,027	14,184	448,211
Highways and streets	115,087	-	115,087
Debt service:			
Principal	-	50,000	50,000
Interest	-	6,050	6,050
Total expenditures	\$ 851,160	\$ 70,234	\$ 921,394
Revenues over (under) expenditures	\$ (299,398)	\$ (16,029)	\$ (315,427)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers - in	\$ 444,379	\$ 13,400	\$ 457,779
Transfers - out	(216,256)	(8,458)	(224,714)
Total other financing sources (uses)	\$ 228,123	\$ 4,942	\$ 233,065
Net change in fund balances	\$ (71,275)	\$ (11,087)	\$ (82,362)
Fund balances - beginning	\$ 229,660	\$ 108,321	\$ 337,981
Prior period adjustment	39,225	-	39,225
Fund balances - beginning, restated	\$ 268,885	\$ 108,321	\$ 377,206
Fund balances - ending	\$ 197,610	\$ 97,234	\$ 294,844

See accompanying notes to the basic financial statements.

TOWN OF CENTREVILLE, MISSISSIPPI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2017

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

Net Change in Fund Balances, Total Governmental Funds (Statement E)	\$ (82,362)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period and the cost of asset disposals.	(45,207)
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The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	50,000
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Some expenses reported in the governmental funds do not require the use of current financial resources and, therefore, are not reported as expenditures in the statement of activities.	(913)
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Net pension expense is reported in governmental funds as expenditures as they are paid; however, in the statement of activities the net pension expense is reported according to estimates required by GASB Statement 68. This is the amount that the pension estimate exceeds the pension expenses paid in the current year.	(80,839)
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Change in Net Position of Governmental Activities (Statement B)	<u>\$ (159,321)</u>
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PROPRIETARY FUNDS

TOWN OF CENTREVILLE, MISSISSIPPI

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2017

	<u>Enterprise Fund</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 83,613
Receivables (net of allowances for uncollectibles)	<u>169,866</u>
Total current assets	\$ 253,479
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	\$ 148,479
Deposits related to construction projects	10
Capital assets (net of accumulated depreciation)	<u>2,653,941</u>
Total noncurrent assets	\$ 2,802,430
Total assets	<u>\$ 3,055,909</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 44,497
Due to other funds	28,595
Notes payable - current	<u>52,964</u>
Total current liabilities	\$ 126,056
Current liabilities payable from restricted assets:	
Consumer deposits	<u>\$ 148,479</u>
Long-term liabilities:	
Notes payable	\$ 583,931
Compensated absences	<u>3,043</u>
Total long-term liabilities	\$ 586,974
Total liabilities	<u>\$ 861,509</u>
<u>NET POSITION</u>	
Net investment in capital assets	\$ 2,017,046
Restricted for construction projects	10
Unrestricted	<u>177,344</u>
Total net position	<u>\$ 2,194,400</u>

See accompanying notes to the basic financial statements.

TOWN OF CENTREVILLE, MISSISSIPPI

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>Enterprise Fund</u>
<u>OPERATING REVENUES</u>	
Charges for services:	
Water sales	\$ 386,388
Sewer sales	164,828
Gas sales	204,118
Garbage charges	103,971
Tap fees	6,420
Other operating revenues	<u>22,402</u>
Total operating revenues	\$ <u>888,127</u>
<u>OPERATING EXPENSES</u>	
Personal services	\$ 196,208
Purchase of utilities provided	98,137
Materials and supplies	12,501
Repairs and maintenance	205,200
Depreciation	158,111
Utilities and telephone	44,953
Bad debts	15,472
Other operating expenses	<u>41,639</u>
Total operating expenses	\$ <u>772,221</u>
Operating income	\$ <u>115,906</u>
Nonoperating revenues (expenses)	
Interest earnings	\$ 938
Interest expense	<u>(11,679)</u>
Total nonoperating revenues (expenses)	\$ <u>(10,741)</u>
Income before contributions and transfers	\$ 105,165
Grant proceeds	252,637
Transfers - out	<u>(236,281)</u>
Change in net position	\$ <u>121,521</u>
Total net position - beginning	\$ 2,069,732
Prior period adjustment	<u>3,147</u>
Total net position - beginning, restated	\$ <u>2,072,879</u>
Total net position - ending	<u><u>\$ 2,194,400</u></u>

See accompanying notes to the basic financial statements.

TOWN OF CENTREVILLE, MISSISSIPPI

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2017

	<u>Enterprise Fund</u>
Cash flows from operating activities	
Receipts from customers and users	\$ 892,075
Payments to suppliers	(440,003)
Payments to employees	(194,489)
Net cash provided by operating activities	<u>\$ 257,583</u>
Cash flows from noncapital financing activities	
Transfers to other funds	\$ (245,449)
Net cash used for noncapital financing activities	<u>\$ (245,449)</u>
Cash flows from capital and related financing activities	
Proceeds from capital grants	\$ 252,637
Purchase of fixed assets	(294,961)
Note proceeds	76,124
Principal paid on notes payable	(47,694)
Interest paid on notes payable	(11,679)
Net cash used for capital and related financing activities	<u>\$ (25,573)</u>
Cash flows from investing activities	
Interest on temporary investments	\$ 938
Net cash provided by investing activities	<u>\$ 938</u>
Decrease in cash and cash equivalents	\$ (12,501)
Cash and cash equivalents, beginning of year	<u>244,603</u>
Cash and cash equivalents, end of year	<u><u>\$ 232,102</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 115,906
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	\$ 158,111
Change in assets and liabilities	
(Increase) decrease in:	
Accounts receivable	3,948
Increase (decrease) in:	
Accounts payable	(29,103)
Customer deposits	7,002
Other payables	1,719
Total adjustments	<u>\$ 141,677</u>
Net cash provided by operating activities	<u><u>\$ 257,583</u></u>

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

INTRODUCTION

The Town of Centreville, Mississippi (the Town) was incorporated March 8, 1884. The Town operates under the Mayor/Board of Aldermen form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; sanitation; health and social services; culture and recreation; education; public improvements; planning and zoning; provision for water, sewer, and gas utilities services; and general services.

The accounting and reporting policies of the Town conform to accounting principles generally accepted in the United States of America, as applicable to governments.

GASB Statement 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those 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.

B. 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.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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.

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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental fund:

General Fund - The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The municipality reports the following major proprietary fund:

Enterprise Fund - The Enterprise Fund is used to account for the provision of water, sewer, gas, and sanitation services. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

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 the Governmental Accounting Standards Board. 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 government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. 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 contributions; 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 on-going operations. 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.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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

C. Cash and Cash Equivalents

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments (certificates of deposit) with original maturities of six months or less from the date of acquisition. The Town deposits funds in financial institutions selected by the Board of Aldermen in accordance with state statutes.

There are various restrictions on these deposits imposed by statutes. These restrictions are summarized below:

All deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC), or any successors to such insurance corporations, must be collateralized in an amount equal to 105% of the uninsured amount. (See Note 3)

D. Investments

The Town is allowed by statute to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or interest-bearing time certificates of deposit or interest-bearing accounts with any financial institution approved for the deposit of state funds. The Town currently only invests excess funds in certificates of deposit.

E. Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is 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 noncurrent 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."

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Ad valorem taxes are not considered to be available resources of the fiscal year to which they apply and are, therefore, not accrued at the end of the fiscal year.

F. Inventories

For both governmental and proprietary funds, purchase of various operating supplies are regarded as expenditures or expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. For the year ending September 30, 2017, these amounts were considered to be immaterial.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Restricted Assets – Governmental Fund and Utility Fund

Restricted assets were applicable to the following at September 30, 2017:

Utility Fund – construction in progress deposits	\$ 10
Utility Fund – consumer deposits	148,479
Unemployment Fund – employee benefits	5,162
Debt Service Fund – debt payments	7,564
Special Fire Fund – fire department expenses	67,128
Accounts Payable and Payroll Clearing deposits	8,035
Tax Fund deposits	<u>6,112</u>

Total restricted assets	<u>\$ 242,490</u>
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H. 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 capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets used in the governmental funds.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Governmental activities:	
Land improvements	20 years
Buildings	40 years
Vehicles	5 years
Machinery and equipment	3–10 years
Business-Type activities/Enterprise Fund:	
Buildings	40 years
Infrastructure	20–50 years
Machinery and equipment	3–10 years
Vehicles	5 years

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Compensated Absences

Vested or accumulated annual leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated annual leave that are not expected to be liquidated with expendable available financial resources are reported as a long-term debt. No expenditure is reported for these amounts. Vested or accumulated annual leave of the Enterprise Fund is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of GASB Statement 16 (GASB Cod. sec. C60), *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

J. Long-Term Obligations

In the government-wide financial statements, and the 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 position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. 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 recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the 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.

K. Equity Classification

The Town has implemented the provisions of GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement 63 provides financial reporting guidance for deferred outflows and deferred inflows of resources as a consumption of net position applicable to a future reporting period and an acquisition of net position applicable to a future reporting period, respectively.

Furthermore, GASB Statement 63 requires equity be classified as net position and displayed in three components: (1) net investment in capital assets—consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets; (2) restricted net position—consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributions, or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation; and (3) unrestricted net position—all other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

The government-wide statement of net position reports \$97,244 of restricted net position, all of which is restricted by enabling legislation.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Equity Classification (continued)

Fund financial statements

Beginning with fiscal year 2013, the Town implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Aldermen establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Aldermen through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

L. Estimates

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

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows these procedures establishing budgetary data reflected in the financial statements:

1. Prior to September 1, the Town Clerk prepares a proposed operating budget and submits it to the Mayor and Board of Aldermen for the fiscal year commencing October 1.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at Town Hall to obtain taxpayer comments.
4. The budget, as submitted, is reviewed by the Mayor and the Board of Aldermen. Necessary revisions are made. The budget is approved prior to September 15.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council. The budget is revised as necessary during the year.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTE 3 - CASH AND CASH EQUIVALENTS

At September 30, 2017, the municipality has cash and cash equivalents as follows:

	Carrying Amount	Bank Balance
Unrestricted:		
Demand deposits	\$ 108,488	\$ 88,201
Time deposit	105,497	165,947
Totals - unrestricted accounts	<u>\$ 213,985</u>	<u>\$ 254,148</u>
Restricted:		
Demand deposits	\$ 182,040	\$ 238,878
Time deposit	60,450	42,797
Totals - restricted accounts	<u>\$ 242,490</u>	<u>\$ 281,675</u>
Totals - all accounts	<u><u>\$ 456,475</u></u>	<u><u>\$ 535,823</u></u>

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits.

In the event of a failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 3 - CASH AND CASH EQUIVALENTS (continued)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the Proprietary Funds' Statement of Revenues, Expenses, and Changes in Net Position that sum to the total of the same such amounts shown in the Statement of Cash Flows.

Cash and cash equivalents	\$ 83,613
Restricted cash	<u>148,489</u>
Total cash, cash equivalents, and restricted cash shown in the Statement of Cash Flows	<u>\$ 232,102</u>

Amounts shown in restricted cash represent those required to be set aside for utility consumer deposits and deposits related to construction projects.

NOTE 4 - PROPERTY TAX

Real and personal property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September and payable on or before February 1. These taxes and public utilities tax are collected by the Town. Auto and mobile home property taxes are collected and remitted to the Town by the county tax collector. The millage rate for the Town for January through December 2016 was 35.00 mills, broken down as follows:

General Fund	28.75
Debt Service Fund	6.00
Fire Fund	<u>.25</u>
	<u>35.00</u>

Restrictions associated with property tax levies are established by state law, which provides that the tax levy for general purposes shall produce no more than 110% of the amount which resulted from those levies' assessments of the previous year.

The General Fund tax levy did not result in collections in excess of the 110% limit in the current year. Excess funds from the prior year were considered in establishing the millage for the current year.

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 5 - RECEIVABLES

Receivables as of year-end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Receivables:			
Interest	\$ 17	\$ -	\$ 17
Taxes	83,529	-	83,529
Accounts	<u>6,955</u>	<u>286,947</u>	<u>293,902</u>
Gross receivables	\$ 90,501	\$ 286,947	\$ 377,448
Less allowance for uncollectibles	<u>-</u>	<u>(117,081)</u>	<u>(117,081)</u>
Net total receivables	<u>\$ 90,501</u>	<u>\$ 169,866</u>	<u>\$ 260,367</u>

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the receivable.

NOTE 6 - INTERFUND RECEIVABLES/PAYABLES

The following is a summary of due from/to other funds:

	<u>Due From</u>	<u>Due To</u>
General fund	\$ 83,465	\$ -
Special revenue		
Special fire fund	1,084	7,738
Debt service fund	24,034	-
Agency funds		
Accounts payable and payroll clearing	4,666	-
Tax clearing	-	70,643
Enterprise fund	<u>-</u>	<u>28,595</u>
Total all funds	<u>\$ 113,249</u>	<u>\$ 106,976</u>

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 7 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2017, is as follows:

	Beginning Balance 10/1/2016	Increases	Decreases	Ending Balance 9/30/2017
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 22,912	\$ -	\$ -	\$ 22,912
Total capital assets, not being depreciated	\$ 22,912	\$ -	\$ -	\$ 22,912
Capital assets, being depreciated				
Buildings	\$ 298,750	\$ -	\$ -	\$ 298,750
Machinery and equipment	138,857	10,427	-	149,284
Vehicles	121,224	-	-	121,224
Civic Center	683,328	-	-	683,328
Street overlays - infrastructure	429,945	-	-	429,945
Total capital assets, being depreciated	\$ 1,672,104	\$ 10,427	\$ -	\$ 1,682,531
Less accumulated depreciation for:				
Buildings	\$ (153,044)	\$ (7,072)	\$ -	\$ (160,116)
Machinery and equipment	(86,621)	(9,982)	-	(96,603)
Vehicles	(119,909)	-	-	(119,909)
Civic Center	(86,839)	(17,083)	-	(103,922)
Street overlays - infrastructure	(187,815)	(21,497)	-	(209,312)
Total accumulated depreciation	\$ (634,228)	\$ (55,634)	\$ -	\$ (689,862)
Total capital assets, being depreciated, net	\$ 1,037,876	\$ (45,207)	\$ -	\$ 992,669
Governmental activities capital assets, net	\$ 1,060,788	\$ (45,207)	\$ -	\$ 1,015,581
<u>Business-type activities:</u>				
Capital assets, not being depreciated				
Land	\$ 16,610	\$ -	\$ -	\$ 16,610
Total capital assets, not being depreciated	\$ 16,610	\$ -	\$ -	\$ 16,610
Capital assets, being depreciated				
Distribution systems	\$ 5,466,122	\$ 218,837	\$ -	\$ 5,684,959
Machinery, equipment, and vehicles	214,611	76,124	(57,948)	232,787
Total capital assets, being depreciated	\$ 5,680,733	\$ 294,961	\$ (57,948)	\$ 5,917,746

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 7 - CAPITAL ASSETS (continued)

	Beginning Balance 10/1/2016	Increases	Decreases	Ending Balance 9/30/2017
Less accumulated depreciation for:				
Distribution systems	\$ (2,971,709)	\$ (152,855)	\$ -	\$ (3,124,564)
Machinery, equipment, and vehicles	<u>(177,172)</u>	<u>(5,256)</u>	<u>26,577</u>	<u>(155,851)</u>
Total accumulated depreciation	\$ (3,148,881)	\$ (158,111)	\$ 26,577	\$ (3,280,415)
Total capital assets, being depreciated, net	\$ 2,531,852	\$ 136,850	\$ (31,371)	\$ 2,637,331
Business-type activities capital assets, net	<u>\$ 2,548,462</u>	<u>\$ 136,850</u>	<u>\$ (31,371)</u>	<u>\$ 2,653,941</u>

Depreciation expense of \$55,634 for the year ended September 30, 2017, was charged to the following governmental functions:

General government	\$ 30,418
Public safety	1,161
Highways and streets	<u>24,055</u>
Total	<u>\$ 55,634</u>

NOTE 8 - INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2017, were as follows:

- \$236,281 was transferred from the Enterprise Fund to the General Fund to cover expenses of general operations.
- \$13,400 was transferred from the General Fund to the Debt Service Fund to cover the Town's general obligation debt requirements.
- \$2,500 was transferred from the General Fund to the Unemployment Fund to cover the Town's unemployment claims.

NOTE 9 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$91,650 at September 30, 2017, are as follows:

	Governmental Funds	Enterprise Fund	Total
Accounts payable	\$ 29,722	\$ 44,497	\$ 74,219
Accrued liabilities	<u>17,431</u>	<u>-</u>	<u>17,431</u>
Total	<u>\$ 47,153</u>	<u>\$ 44,497</u>	<u>\$ 91,650</u>

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 10 - LONG-TERM DEBT

Bonds and notes payable at September 30, 2017, are comprised of the following:

General

General Obligation Street Improvement Bond Series 2007 to finance the improving or paving of streets, sidewalks, driveways, parkways, walkways, or public parking facilities and the purchase of land thereof, dated April 5, 2007, payable in annual installments of principal and semi-annual installments of interest at an interest rate of 4.0% maturing March 1, 2019.

\$ 105,000

Enterprise

Note payable to Mississippi Development Authority dated December 15, 1999, payable in monthly installments of \$802 at an interest rate of 3.0% maturing May 12, 2022.

43,988

Note payable to Caterpillar Financial Services to finance the purchase of a 415F2 Caterpillar Backhoe, dated January 2017, payable in monthly installments of \$830.75 at an interest rate of 1.60%, maturing January 2021, with a balloon payment of \$40,000.

69,525

Note payable to Mississippi Department of Environmental Quality to finance the construction and improvement of the Town's wastewater system to comply with the enforceable requirements of the Clean Water Act, dated August 16, 2014, payable in monthly installments of \$3,590.79 with an interest rate of 1.75% and maturing June 2031.

523,423

Total bonds and notes payable
Less current portion

\$ 741,936
(102,964)

Long-term portion

\$ 638,972

Year ending September 30,	Bonds and Notes Payable					
	General		Enterprise		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 50,000	\$ 3,200	\$ 52,964	\$ 11,323	\$ 102,964	\$ 14,523
2019	55,000	1,100	52,579	10,104	107,579	11,204
2020	-	-	53,604	9,079	53,604	9,079
2021	-	-	87,616	7,590	87,616	7,590
2022	-	-	43,907	6,509	43,907	6,509
2023-2027	-	-	193,344	22,104	193,344	22,104
2028-2032	-	-	152,922	5,070	152,922	5,070
	<u>\$ 105,000</u>	<u>\$ 4,300</u>	<u>\$ 636,936</u>	<u>\$ 71,779</u>	<u>\$ 741,936</u>	<u>\$ 76,079</u>

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 10 – LONG-TERM DEBT (continued)

There are a number of limitations and restrictions contained in the various bond indentures. The Town is in compliance with all significant limitations and restrictions.

The following is a schedule of limitations of the indebtedness of the Town at September 30, 2017:

Assessed valuation for the fiscal year ended September 30, 2017	\$ 5,887,205
Percent limitation	15%
Authorized debt limit	\$ 883,081
Present bonded debt service to 15% limitation	105,000
Margin for further indebtedness under 15% limitation	<u>\$ 778,081</u>

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Plan Description. The Town contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 9% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The employer contribution rate is 15.75% for the current fiscal year for annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

Benefits provided. The Public Employees' Retirement System of Mississippi (PERS or the System) was created with the purpose to provide pension benefits for all state and public education employees, sworn officers of the Mississippi Highway Safety Patrol, other public employees whose employers have elected to participate in the System, and elected members of the State Legislature and the President of the Senate. The System administers a cost-sharing, multiple-employer defined benefit pension plan as defined in GASB Statement 67, *Financial Reporting for Pension Plans*.

For the cost-sharing plan, participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.00% of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.50% for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLAN (continued)

Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The employer's rate as of September 30, 2017, was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The Town's contributions to PERS for the years ending September 30, 2017, 2016, and 2015, were \$81,387, \$78,207, and \$80,902 respectively, equal to the required contributions for each year.

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

At September 30, 2017, the Town reported a liability of \$1,329,872 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2017, the Town's proportion was 0.008%.

At June 30, 2017, the Town recognized pension expense of \$163,014. At September 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,106	\$ 9,704
Net difference between projected and actual earnings on pension plan investments	-	17,074
Changes of assumptions	29,558	2,266
The Town's contributions subsequent to the measurement date	18,918	-
Total	<u>\$ 67,582</u>	<u>\$ 29,044</u>

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLAN (continued)

\$18,918 reported as deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	6,648
2018	\$	6,648
2019	\$	6,648
2020	\$	3,089
2021	\$	(3,415)
Thereafter	\$	-

Actuarial assumptions. The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.75 - 18.50%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2022, set forward one year for males.

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

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

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLAN (continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. broad	27%	4.60%
International equity	18%	4.50%
Emerging markets equity	4%	4.75%
Global	12%	4.75%
Fixed income	18%	0.75%
Real assets	10%	3.50%
Private equity	8%	5.10%
Emerging debt	2%	2.25%
Cash	1%	0.00%
Total	<u>100%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
The Town's proportionate share of the net pension liability	\$ 1,744,14	\$ 1,329,872	\$ 985,876

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

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 12 - INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the year ended September 30, 2017, consisted of the following:

	General Fund	Debt Service Funds	Utility Fund	Totals
State				
Sales tax allocation	\$ 235,105	\$ -	\$ -	\$ 235,105
Taxes - nuclear plant	16,030	-	-	16,030
General municipal aid	14,025	-	-	14,025
Gasoline tax	5,157	-	-	5,157
Homestead exemption reimbursement	18,002	3,757	-	21,759
Federal				
CDBG disaster drainage project	-	-	252,637	252,637
Total intergovernmental revenues	<u>\$ 288,319</u>	<u>\$ 3,757</u>	<u>\$ 252,637</u>	<u>\$ 544,713</u>

NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The Enterprise Fund operated by the Town provides garbage collection, gas utility, and water and sewer utility services. The following is a summary of disclosures required by the National Council on Governmental Accounting in Interpretation 2, *Segment Information for Enterprise Funds*:

	Garbage Collection	Gas Utility	Water and Sewer Utility	Total
Operating revenues	\$ 104,185	\$ 204,298	\$ 579,644	\$ 888,127
Operating expenses	(126,342)	(203,963)	(283,805)	(614,110)
Depreciation	-	(4,321)	(153,790)	(158,111)
Operating income (loss)	<u>\$ (22,157)</u>	<u>\$ (3,986)</u>	<u>\$ 142,049</u>	\$ 115,906
Interest income				938
Interest expense				(11,679)
Grant proceeds				252,637
Operating transfers, net				<u>(236,281)</u>
Net income				<u>\$ 121,521</u>

NOTE 14 - UNEMPLOYMENT COMPENSATION FUND

Mississippi Code Ann. (1972), Sec. 71-5-359 states that a municipality may elect to maintain an unemployment fund and pay all base unemployment claims and one-half of extended unemployment claims out of such fund. The fund after January 1, 1979, will maintain a minimum balance of 2% of the covered wages paid during the past calendar year. The Town was not in compliance with state law as of September 30, 2017.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 15 - ACCUMULATED UNPAID ANNUAL LEAVE AND SICK PAY

Employees of the Town earn annual and sick leave as designated in the personnel policies adopted by the Town. Annual and sick days are accumulated as follows based on tenure: less than six months equals zero days earned, six months to two years equals half-day earned per month, and individuals with two years and more earn one day per month. The maximum carryover balance is 48 days with any excess earned paid leave being rolled into the retirement system.

NOTE 16 - RISK MANAGEMENT

The Town 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 disaster. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 17 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

NOTE 18 - PRIOR PERIOD ADJUSTMENTS

The Town recorded three prior period adjustments as follows:

(General Fund)

This prior period adjustment was made to write off old outstanding checks. The checks were written in error in prior years and not voided correctly.

	<u>As Previously Stated</u>	<u>As Restated</u>	<u>Effect of Correction</u>
Balance Sheet			
Cash and cash equivalents	\$ 189,015	\$ 228,240	\$ 39,225
Total fund balance	\$ 229,660	\$ 268,885	\$ 39,225

(Enterprise Fund)

There were two prior period adjustments in the Enterprise Fund. One prior period adjustment was made to write-off old outstanding checks. One prior period adjustment was made to record repairs and maintenance expense that should have been recorded in the prior years.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTE 18 - PRIOR PERIOD ADJUSTMENTS (continued)

	<u>As Previously Stated</u>	<u>As Restated</u>	<u>Effect of Correction</u>
Statement of Net Position			
Adjustment 1			
Cash and cash equivalents	\$ 69,763	\$ 103,116	\$ 33,353
Statement of Revenues, Expenses, and Changes in Net Position			
Adjustment 2			
Accounts payable	\$ 46,727	\$ 19,854	\$ (26,873)
Repairs and maintenance	\$ 146,836	\$ 89,757	\$ (57,079)
Total net position	\$ 2,069,732	\$ 2,072,879	\$ 3,147

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

TOWN OF CENTREVILLE, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Amended		
REVENUES				
Ad valorem taxes	\$ 273,350	\$ 159,664	\$ 187,685	\$ 28,021
Licenses and permits	68,500	31,528	30,478	(1,050)
Intergovernmental	332,800	249,341	288,319	38,978
Fines	45,000	15,155	18,533	3,378
Interest	12,000	2,506	1,690	(816)
Miscellaneous	69,301	30,241	25,057	(5,184)
Total revenues	<u>\$ 800,951</u>	<u>\$ 488,435</u>	<u>\$ 551,762</u>	<u>\$ 63,327</u>
EXPENDITURES				
General government	\$ 361,741	\$ 317,720	\$ 302,046	\$ 15,674
Public safety	547,346	421,584	434,027	(12,443)
Highways and streets	211,000	115,087	115,087	-
Total expenditures	<u>\$ 1,120,087</u>	<u>\$ 854,391</u>	<u>\$ 851,160</u>	<u>\$ 3,231</u>
Excess of revenues under expenditures	<u>\$ (319,136)</u>	<u>\$ (365,956)</u>	<u>\$ (299,398)</u>	<u>\$ 66,558</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers – in	\$ 520,000	\$ 648,716	\$ 444,379	\$ (204,337)
Operating transfers – out	-	(227,141)	(216,256)	(10,885)
Total other financing sources (uses)	<u>\$ 520,000</u>	<u>\$ 421,575</u>	<u>\$ 228,123</u>	<u>\$ (193,452)</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>\$ 200,864</u>	<u>\$ 55,619</u>	<u>\$ (71,275)</u>	<u>\$ (126,894)</u>
Fund balance – beginning of year	\$ 229,660	\$ 229,660	\$ 229,660	\$ -
Prior period adjustment	<u>39,225</u>	<u>39,225</u>	<u>39,225</u>	<u>-</u>
Fund balance, beginning of year, as restated	<u>\$ 268,885</u>	<u>\$ 268,885</u>	<u>\$ 268,885</u>	<u>\$ -</u>
Fund balance – end of year	<u>\$ 430,524</u>	<u>\$ 324,504</u>	<u>\$ 197,610</u>	<u>\$ (126,894)</u>

See Independent Auditor's Report.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

2. Budget Amendments and Revisions

The budget is adopted by the Board of Aldermen. Amendments can be made on the approval of the Board of Aldermen. A budgetary comparison is presented for the General Fund and each major special revenue fund consistent with accounting principles generally accepted in the United States of America. There were no major special revenue funds.

TOWN OF CENTREVILLE, MISSISSIPPI

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
PERS:			
Last 10 Fiscal Years*			
The Town's proportion of the net pension liability (asset)	0.008%	0.008%	0.008%
The Town's proportionate share of the net pension liability (asset)	\$ 1,329,872	\$ 1,429,000	\$ 1,252,100
The Town's covered-employee payroll	\$ 517,246	\$ 496,561	\$ 513,660
The Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	257%	288%	244%
Plan fiduciary net position as a percentage of the total pension liability	61%	57%	62%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement 68 was implemented in FYE June 30, 2015 and, until a full 10-year trend is compiled, the Town has only presented information for the years which information is available.

See Independent Auditor's Report.

TOWN OF CENTREVILLE, MISSISSIPPI
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
PERS:			
Last 10 Fiscal Years*			
Contractually required contribution	\$ 81,387	\$ 78,207	\$ 80,902
Contributions in relation to the contractually required contribution	<u>(81,387)</u>	<u>(78,207)</u>	<u>(80,902)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Town's covered-employee payroll	\$ 517,246	\$ 496,561	\$ 513,660
Contributions as a percentage of covered-employee payroll	15.73%	15.75%	15.75%

* The amounts presented for each fiscal year were determined as of the measurement date of June 30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB Statement 68 was implemented in FYE June 30, 2015 and, until a full 10-year trend is compiled, the Town has only presented information for the years which information is available.

See Independent Auditor's Report.

COMBINING FINANCIAL STATEMENTS

TOWN OF CENTREVILLE, MISSISSIPPI

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

	Special Revenue Funds				Fiduciary Funds			
	Special Fire Fund	Unemployment Compensation Fund	Total	Debt Service Fund	Accounts Payable and Payroll Clearing Fund	Tax Clearing Fund	Total	Total Nonmajor Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 67,128	\$ 5,162	\$ 72,290	\$ 7,564	\$ 8,035	\$ 6,112	\$ 14,147	\$ 94,001
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	64,531	64,531	64,531
Due from other funds	1,084	-	1,084	24,034	4,666	-	4,666	29,784
Total assets	\$ 68,212	\$ 5,162	\$ 73,374	\$ 31,598	\$ 12,701	\$ 70,643	\$ 83,344	\$ 188,316
LIABILITIES AND FUND BALANCES								
Liabilities:								
Cash overdraft	\$ -	\$ -	\$ -	\$ -	\$ 7,745	\$ -	\$ 7,745	\$ 7,745
Accounts payable	-	-	-	-	4,956	-	4,956	4,956
Due to other funds	7,738	-	7,738	-	-	70,643	70,643	78,381
Total liabilities	\$ 7,738	\$ -	\$ 7,738	\$ -	\$ 12,701	\$ 70,643	\$ 83,344	\$ 91,082
Fund balances:								
Restricted								
Unemployment claims	\$ -	\$ 5,162	\$ 5,162	\$ -	\$ -	\$ -	\$ -	\$ 5,162
Debt payments	-	-	-	31,598	-	-	-	31,598
Fire department expenses	60,474	-	60,474	-	-	-	-	60,474
Total fund balances	\$ 60,474	\$ 5,162	\$ 65,636	\$ 31,598	\$ -	\$ -	\$ -	\$ 97,234
Total liabilities and fund balances	\$ 68,212	\$ 5,162	\$ 73,374	\$ 31,598	\$ 12,701	\$ 70,643	\$ 83,344	\$ 188,316

See Independent Auditor's Report.

TOWN OF CENTREVILLE, MISSISSIPPI

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

	Special Revenue Funds				
	Special Fire Fund	Unemployment Compensation Fund	Total	Debt Service Fund	Total Nonmajor Governmental Funds
Ad valorem taxes	\$ 1,463	\$ -	\$ 1,463	\$ 38,609	\$ 40,072
Intergovernmental	-	-	-	3,757	3,757
Interest	228	20	248	128	376
Other revenues	10,000	-	10,000	-	10,000
Total revenues	\$ 11,691	\$ 20	\$ 11,711	\$ 42,494	\$ 54,205
Expenditures:					
Public safety	14,184	\$ -	\$ 14,184	\$ -	\$ 14,184
Unemployment claims	-	-	-	-	-
Principal	-	-	-	50,000	50,000
Interest	-	-	-	6,050	6,050
Total expenditures	\$ 14,184	\$ -	\$ 14,184	\$ 56,050	\$ 70,234
Revenues under expenditures	\$ (2,493)	\$ 20	\$ (2,473)	\$ (13,556)	\$ (16,029)
Other financing sources					
Operating transfers - in (out)	\$ (8,458)	\$ -	\$ (8,458)	\$ 13,400	\$ 4,942
Total other financing sources	\$ (8,458)	\$ -	\$ (8,458)	\$ 13,400	\$ 4,942
Excess revenues and other sources over expenditures	\$ (10,951)	\$ 20	\$ (10,931)	\$ (156)	\$ (11,087)
Fund balance - beginning of year	71,425	5,142	76,567	31,754	108,321
Fund balance - end of year	\$ 60,474	\$ 5,162	\$ 65,636	\$ 31,598	\$ 97,234

See Independent Auditor's Report.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF CENTREVILLE, MISSISSIPPI

SCHEDULE RECONCILING ORIGINAL AD VALOREM TAX ROLLS TO
FUND COLLECTIONS ON 2016 AD VALOREM TAXES

YEAR ENDED SEPTEMBER 30, 2017

	Assessed Value	Tax	
Assessed valuation			
Real property	\$ 4,129,666	\$ 144,538	
Personal property	1,426,007	49,910	
Public utilities	<u>331,532</u>	<u>11,604</u>	
Total at 35.0 mills	<u>\$ 5,887,205</u>	\$ 206,052	
Add: Actual homestead reimbursement		21,915	
Prior year collections		3,554	
Mobile home and automobile collections		45,367	
Less: Homestead credit allowed		<u>(27,780)</u>	
Total to be accounted for		<u>\$ 249,108</u>	
	<u>Taxes</u>	<u>Homestead Reimbursement</u>	<u>Totals</u>
Credits			
Collection allocated to:			
General fund	\$ 163,167	\$ 18,002	\$ 181,169
Debt service fund	34,052	3,757	37,809
Special fire fund	<u>1,419</u>	<u>157</u>	<u>1,576</u>
	<u>\$ 198,638</u>	<u>\$ 21,916</u>	<u>\$ 220,554</u>
Balance represented by:			
Uncollected			20,424
Unaccounted for			<u>8,130</u>
Total accounted for			<u>\$ 249,108</u>

Note: Ad valorem taxes on automobiles and mobile homes are collected and remitted by the respective county.

TOWN OF CENTREVILLE, MISSISSIPPI
SCHEDULE OF INVESTMENTS - ALL FUNDS
SEPTEMBER 30, 2017

UNRESTRICTED INVESTMENTS

General Fund

Certificate of deposit, dated August 28, 2017, interest rate 0.25%, due November 26, 2017	\$ <u>105,497</u>
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RESTRICTED INVESTMENTS

Special Fire Fund

Certificate of deposit, dated July 4, 2017, interest rate 0.25%, due October 2, 2017	\$ <u>17,653</u>
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Enterprise Fund

Certificate of deposit, dated May 9, 2017, interest rate 0.25%, due November 7, 2017	\$ <u>42,797</u>
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Total investments	<u>\$ <u>165,947</u></u>
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TOWN OF CENTREVILLE, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2017

<u>Name</u>	<u>Position</u>	<u>Insurance Company</u>	<u>Amount</u>
Larry Lee (expired June 2017)	Mayor	Travelers Casualty & Surety Company	\$ 50,000
David Owens (effective July 2017)	Mayor	Travelers Casualty & Surety Company	\$ 50,000
James R. Reese	Chief of Police	Travelers Casualty & Surety Company	\$ 50,000
Lorina Williams	Court Clerk	Travelers Casualty & Surety Company	\$ 50,000
Michelle Singleton	Town Clerk	Travelers Casualty & Surety Company	\$ 50,000
Jerrie R. Love	Deputy Clerk	Travelers Casualty & Surety Company	\$ 50,000
Nicole Van Norman	Deputy Clerk	Travelers Casualty & Surety Company	\$ 50,000
Earica Gayden	Deputy Clerk	Travelers Casualty & Surety Company	\$ 50,000
Betty D'Aquilla (expired June 2017)	Alderman	Travelers Casualty & Surety Company	\$ 50,000
Felicia Williams (effective July 2017)	Alderman	Travelers Casualty & Surety Company	\$ 50,000
Thomas Lobrano	Alderman	Travelers Casualty & Surety Company	\$ 50,000
Mary West (expired June 2017)	Alderman	Travelers Casualty & Surety Company	\$ 50,000
David Walker (effective July 2017)	Alderman	Travelers Casualty & Surety Company	\$ 50,000
Mary Sanders (expired June 2017)	Alderman	Travelers Casualty & Surety Company	\$ 50,000
Audrey Boykin (effective July 2017)	Alderman	Travelers Casualty & Surety Company	\$ 50,000
John Moore	Alderman	Travelers Casualty & Surety Company	\$ 50,000

See Independent Auditor's Report.

TOWN OF CENTREVILLE, MISSISSIPPI

SCHEDULE OF LONG-TERM DEBT

YEAR ENDED SEPTEMBER 30, 2017

Definition and Purpose	Balance Outstanding 10/1/2016	Transactions During Year		Balance Outstanding 9/30/2017
		Issued	Redeemed	
Bonds and notes payable				
2007 street improvement bonds	\$ 155,000	\$ -	\$ 50,000	\$ 105,000
	\$ 155,000	\$ -	\$ 50,000	\$ 105,000
Enterprise:				
2001 CAP loan	\$ 51,447	\$ -	\$ 7,459	\$ 43,988
2014 Caterpillar backhoe	30,000	-	30,000	-
MDEQ loan	557,033	-	33,610	523,423
2017 Caterpillar backhoe	-	76,124	6,599	69,525
	\$ 638,480	\$ 76,124	\$ 77,668	\$ 636,936
Other long-term debt				
Compensated absences	\$ 39,045	\$ 2,632	\$ -	\$ 41,677
Total	\$ 832,525	\$ 78,756	\$ 127,668	\$ 783,613

See Independent Auditor's Report.

INTERNAL CONTROL AND COMPLIANCE REPORTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Mayor and Board of Aldermen
Town of Centreville, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Centreville, Mississippi, as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Town of Centreville, Mississippi's basic financial statements and have issued our report thereon dated February 7, 2020.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: 2017-01, 2017-03, 2017-04, 2017-05, 2017-06, 2017-07, and 2017-08.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. However, we did not identify any deficiencies in internal control that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Centreville, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2017-2.

The Town of Centreville, Mississippi's Response to Findings

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Silas Simmons, LLP".

Natchez, Mississippi
February 7, 2020

TOWN OF CENTREVILLE, MISSISSIPPI
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | | |
|----|--|-------------|
| 1. | Type of auditor's report issued on the basic financial statements: | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | Yes |
| | b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | No |
| 3. | Material noncompliance relating to the basic financial statements? | Yes |

Federal Awards:

Not applicable

TOWN OF CENTREVILLE, MISSISSIPPI
 SCHEDULE OF CURRENT YEAR AUDIT FINDINGS AND RECOMMENDATIONS
 FOR THE YEAR ENDED SEPTEMBER 30, 2017

SECTION II: FINANCIAL STATEMENT FINDINGS

2017-1	<u>Segregation of Duties (Internal Control Finding)</u>
Condition:	Due to the small size of the Town and its limited number of personnel, there is not an adequate segregation of duties of employees.
Criteria:	Good internal controls require that the same employee does not handle the collection, accounting, billing, account reconciliations, and check writing.
Cause of Condition:	The small size of the entity and the lack of employees is the cause of this condition.
Effect of Condition:	Material weakness in internal controls.
Recommendation:	We recommend that management continue to implement alternate procedures to help alleviate this condition. Also, we believe the board should be diligent in approving transactions and reviewing monthly financial information.
Response:	Management indicates that it is not cost efficient or feasible to provide the internal control that a larger organization could provide. Management will continue to provide the necessary oversight in its current internal control procedures in order to safeguard assets.
2017-2	<u>Financial Statement Submission to State Auditor (Compliance Finding)</u>
Condition:	The Town's audited financial statements were not completed and submitted to the Mississippi State Auditor's office by the statutory deadline of September 30, 2018.
Criteria:	To be considered in good standing with the Mississippi State Auditor, the audited financial statements should be completed and submitted to their office by the end of the next fiscal year.
Cause of Condition:	Due to employee turnover and election year responsibilities, the Town's management found it difficult to prepare the books in time for the external auditors.
Effect of Condition:	Material noncompliance relating to the financial statements.
Recommendation:	We recommend that management is diligent in performing monthly and year-end close responsibilities and getting the books to the external auditors earlier in the next year.
Response:	Management is aware of this and is working on getting the books to the auditors earlier in the future.
2017-3	<u>Transfers (Internal Control Finding)</u>
Condition:	Transfers between funds are not being reconciled appropriately.
Criteria:	Proper recording and reconciliation of general ledger accounts is necessary for proper internal control.

TOWN OF CENTREVILLE, MISSISSIPPI
SCHEDULE OF CURRENT YEAR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

SECTION II: FINANCIAL STATEMENT FINDINGS (continued)

Cause of Condition: Transfers between funds are not being reconciled to the general ledger on a regular basis.

Effect of Condition: Material weakness in internal controls.

Recommendation: We recommend that all transfers be reconciled to the general ledger on a regular basis and that any differences be investigated and solved at that time.

Response: Management is working on implementing the above procedures.

2017-4 Cemetery Sales Recordkeeping (Internal Control Finding)

Condition: Cemetery sales are not being recorded in an appropriate subsidiary ledger.

Criteria: Proper maintenance of a cemetery sales subsidiary ledger and supporting records is necessary for proper internal controls over cemetery sales.

Cause of Condition: Management does not have a recordkeeping system for cemetery sales.

Effect of Condition: Material weakness in internal controls.

Recommendation: We recommend that cemetery sales be recorded in a subsidiary ledger.

Response: Management is working on implementing the above procedures.

2017-5 Customer Deposits (Internal Control Finding)

Condition: Customer deposits per the general ledger are not being reconciled to the customer deposits subsidiary ledger.

Criteria: Proper reconciliation of general ledger accounts is necessary for proper internal control.

Cause of Condition: Customer deposits are not being reconciled to the general ledger on a timely basis.

Effect of Condition: Material weakness in internal controls.

Recommendation: We recommend that all customer deposits be reconciled to the general ledger on a timely basis and that any differences be investigated and solved at that time.

Response: Management is working on implementing the above procedures.

2017-6 Unremitted Judicial Assessments (Internal Control Finding)

Condition: Several judicial assessment checks were found written but unmailed during the audit.

Cause of Condition: Judicial assessment checks were written and held instead of mailed on a timely basis.

TOWN OF CENTREVILLE, MISSISSIPPI
SCHEDULE OF CURRENT YEAR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

SECTION II: FINANCIAL STATEMENT FINDINGS (continued)

Effect of Condition: Material weakness in internal controls.

Recommendation: We recommend that all checks written be mailed as soon as possible.

Response: Management is working on implementing the above procedures.

2017-7 Accounts Receivable (Internal Control Finding)

Condition: Accounts receivable per the general ledger are not being reconciled to the accounts receivable subsidiary ledger.

Criteria: Proper reconciliation of general ledger accounts is necessary for proper internal control.

Cause of Condition: Accounts receivable are not being reconciled to the general ledger on a timely basis.

Effect of Condition: Material weakness in internal controls.

Recommendation: We recommend that all accounts receivable be reconciled to the general ledger on a timely basis and that any differences be investigated and solved at that time.

Response: Management is working on implementing the above procedures.

2017-8 Recordkeeping (Internal Control Finding)

Condition: During our audit, we noted several issues related to the Police Department and Town Court's record keeping process as they were not properly maintaining and securing certain documents. In some instances, records were not available, severely hindering our process.

Criteria: Section 21-35-11 of the Miss. Code Ann. (1972) dictates that "records shall contain accounts, under headings, corresponding with the several headings of the budget, so that the expenditures under each head may be at once known, and the purpose for which expended, and said records shall show the source of all monies received and paid into each fund of the municipality."

Cause of Condition: The Police Department and Town Court did not keep sufficient records to determine the details of expenditures and revenues.

Effect of Condition: Without proper records management process, public records may be exposed to risk of loss and damage.

Recommendation: We recommend that the Police Department establish a records management program to ensure that records are properly safeguarded and maintained.

Response: Management is working on implementing the above procedures.

TOWN OF CENTREVILLE, MISSISSIPPI
SCHEDULE OF CURRENT YEAR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

SECTION III: MANAGEMENT LETTER:

No management letter issued.

TOWN OF CENTREVILLE, MISSISSIPPI
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

SECTION IV: FINANCIAL STATEMENT FINDINGS

2016-1 Segregation of Duties (Unresolved)

Condition: Due to the small size of the Town and its limited number of personnel, there is not an adequate segregation of duties of employees.

Criteria: Good internal controls require that the same employee does not handle the collection, accounting, billing, account reconciliations, and check writing.

Cause of Condition: The small size of the entity and the lack of employees is the cause of this condition.

Effect of Condition: Material weakness in internal controls.

Recommendation: We recommend that management continue to implement alternate procedures to help alleviate this condition. Also, we believe the board should be diligent in approving transactions and reviewing monthly financial information.

Response: Management indicates that it is not cost efficient or feasible to provide the internal control that a larger organization could provide. Management will continue to provide the necessary oversight in its current internal control procedures in order to safeguard assets.

2016-2 Financial Statement Submission to State Auditor (Unresolved)

Condition: The Town's audited financial statements were not completed and submitted to the Mississippi State Auditor's office by the statutory deadline of September 30, 2017.

Criteria: To be considered in good standing with the Mississippi State Auditor, the audited financial statements should be completed and submitted to their office by the end of the next fiscal year.

Cause of Condition: Due to employee turnover and election year responsibilities, the Town's management found it difficult to prepare the books in time for the external auditors.

Effect of Condition: Material noncompliance relating to the financial statements.

Recommendation: We recommend that management is diligent in performing monthly and year-end close responsibilities and getting the books to the external auditors earlier in the next year.

Response: Management is aware of this and is working on getting the books to the auditors earlier in the future.

2016-3 Transfers (Unresolved)

Condition: Transfers between funds are not being reconciled appropriately.

Criteria: Proper recording and reconciliation of general ledger accounts is necessary for proper internal control.

TOWN OF CENTREVILLE, MISSISSIPPI
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

SECTION IV: FINANCIAL STATEMENT FINDINGS (continued)

Cause of Condition: Transfers between funds are not being reconciled to the general ledger on a regular basis.

Effect of Condition: Material weakness in internal controls.

Recommendation: We recommend that all transfers be reconciled to the general ledger on a regular basis and that any differences be investigated and solved at that time.

Response: Management is working on implementing the above procedures.

2016-4 Cemetery Sales Recordkeeping (Unresolved)

Condition: Cemetery sales are not being recorded in an appropriate subsidiary ledger.

Criteria: Proper maintenance of a cemetery sales subsidiary ledger and supporting records is necessary for proper internal controls over cemetery sales.

Cause of Condition: Management does not have a recordkeeping system for cemetery sales.

Effect of Condition: Material weakness in internal controls.

Recommendation: We recommend that cemetery sales be recorded in a subsidiary ledger.

Response: Management is working on implementing the above procedures.

2016-5 Customer Deposits (Unresolved)

Condition: Customer deposits per the general ledger are not being reconciled to the customer deposits subsidiary ledger.

Criteria: Proper reconciliation of general ledger accounts is necessary for proper internal control.

Cause of Condition: Customer deposits are not being reconciled to the general ledger on a timely basis.

Effect of Condition: Material weakness in internal controls.

Recommendation: We recommend that all customer deposits be reconciled to the general ledger on a timely basis and that any differences be investigated and solved at that time.

Response: Management is working on implementing the above procedures.

2016-6 Unremitted Judicial Assessments (Unresolved)

Condition: Several judicial assessment checks were found written but unmailed during the audit.

Cause of Condition: Judicial assessment checks were written and held instead of mailed on a timely basis.

TOWN OF CENTREVILLE, MISSISSIPPI
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2017

SECTION IV: FINANCIAL STATEMENT FINDINGS (continued)

Effect of Condition: Material weakness in internal controls.

Recommendation: We recommend that all checks written be mailed as soon as possible.

Response: Management is working on implementing the above procedures.

2016-7 Accounts Receivable (Unresolved)

Condition: Accounts receivable per the general ledger are not being reconciled to the accounts receivable subsidiary ledger.

Criteria: Proper reconciliation of general ledger accounts is necessary for proper internal control.

Cause of Condition: Accounts receivable are not being reconciled to the general ledger on a timely basis.

Effect of Condition: Material weakness in internal controls.

Recommendation: We recommend that all accounts receivable be reconciled to the general ledger on a timely basis and that any differences be investigated and solved at that time.

Response: Management is working on implementing the above procedures.

2016-8 Amended Budget (Resolved)

Condition: The Town did not amend the General Fund's budget to reflect reduced anticipated revenues.

Criteria: Section 21-35-25 of the Miss. Code Ann. (1972) dictates that "if it appears at any time during the current fiscal year, but not later than the regular July meeting of the board of governing authorities, that collections of anticipated revenues from taxes or other sources will be less than the amount estimated, and a deficit is thereby indicated for any fund, or funds, the governing authorities shall, at a regular meeting, revise and reduce the budget appropriations for such funds as is anticipated will have a deficit, so as to conform to the lowered indicated revenue, including revenue from taxes and all other sources."

Cause of Condition: The Board of Aldermen did not amend the budget to reflect reduced anticipated revenues.

Effect of Condition: Material noncompliance with Mississippi law.

Recommendation: We recommend that the Board of Aldermen amend the budget in accordance with Miss. Code Ann. (1972), Section 21-35-25.

Response: Management is working on implementing the above procedures.

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS
AND REGULATIONS**

Mayor and Board of Aldermen
Town of Centreville, Mississippi

We have audited the basic financial statements of the Town of Centreville, Mississippi, as of and for the year ended September 30, 2017, and have issued our report thereon dated February 7, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and recommendations as item 2017-2.

This report is intended for the information of the Town of Centreville, Mississippi's management, the Office of the State Auditor, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Natchez, Mississippi
February 7, 2020