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TOWN OF CENTREVILLE, MISSISSIPPI
ANNUAL FINANCIAL STATEMENTS
AS OF SEPTEMBER 30, 2018
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, 2018
With Supplementary Information Schedules

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TOWN OF CENTREVILLE, MISSISSIPPI
Annual Financial Statements
As of and for the Year Ended September 30, 2018
With Supplementary Information Schedules

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INDEPENDENT AUDITOR'S REPORT



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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 (the Town), as of and for the year ended September 30, 2018, 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, 2018, 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 Schedule, 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 36 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 and other supplementary information 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 and other supplementary information 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 12, 2021, 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 12, 2021

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

TOWN OF CENTREVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

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, 2018. 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, 2018

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 \$2,043,497 (net position); this represents a decrease of \$26,360 from last fiscal year. Of this total net position amount, (\$1,108,321) is unrestricted net deficit. The Town's net position is comprised of (\$201,463) from governmental activities and \$2,244,960 from business-type activities.

The following is a condensed statement of the Town's net position as of September 30, 2018:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Assets</u>						
Current and other assets	\$ 347,548	\$ 349,742	\$ 380,962	\$ 373,373	\$ 728,510	\$ 723,115
Capital assets (net)	<u>984,508</u>	<u>1,015,581</u>	<u>2,620,220</u>	<u>2,653,941</u>	<u>3,604,728</u>	<u>3,669,522</u>
Total assets	<u>\$ 1,332,056</u>	<u>\$ 1,365,323</u>	<u>\$ 3,001,182</u>	<u>\$ 3,027,314</u>	<u>\$ 4,333,238</u>	<u>\$ 4,392,637</u>
Deferred outflows of resources	<u>\$ 27,942</u>	<u>\$ 67,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,942</u>	<u>\$ 67,582</u>
<u>Liabilities</u>						
Other liabilities	\$ 120,212	\$ 104,898	\$ 221,715	\$ 245,940	\$ 341,927	\$ 350,838
Long-term liabilities	<u>1,408,454</u>	<u>1,423,506</u>	<u>534,507</u>	<u>586,974</u>	<u>1,942,961</u>	<u>2,010,480</u>
Total liabilities	<u>\$ 1,528,666</u>	<u>\$ 1,528,404</u>	<u>\$ 756,222</u>	<u>\$ 832,914</u>	<u>\$ 2,284,888</u>	<u>\$ 2,361,318</u>
Deferred inflows of resources	<u>\$ 32,795</u>	<u>\$ 29,044</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,795</u>	<u>\$ 29,044</u>
<u>Net Position</u>						
Net investment in capital assets	\$ 1,015,581	\$ 1,060,788	\$ 2,036,289	\$ 2,017,046	\$ 3,051,870	\$ 3,077,834
Restricted	99,861	97,234	87	10	99,948	97,244
Unrestricted	<u>(1,316,905)</u>	<u>(1,282,565)</u>	<u>208,584</u>	<u>177,344</u>	<u>(1,108,321)</u>	<u>(1,105,221)</u>
Total net position	<u>\$ (201,463)</u>	<u>\$ (124,543)</u>	<u>\$ 2,244,960</u>	<u>\$ 2,194,400</u>	<u>\$ 2,043,497</u>	<u>\$ 2,069,857</u>

By far the largest portion of the Town's net position (\$3,051,870 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 [(\$1,108,321) or (54%)], which may be used to meet the government's ongoing obligations to citizens and creditors and restricted net position (\$99,948 or 5%), which are restricted to specific uses.

The Town has total outstanding debt of \$737,029, which was used to finance some of the \$3,604,728 in capital assets. Total liabilities of \$2,284,888 are equal to 112% of the total net position.

TOWN OF CENTREVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-Wide Financial Analysis (continued)

The Town's governmental activities decreased net position by \$76,920. Additionally, the Enterprise Fund increased net position by \$50,560.

The following is a summary of the statement of activities:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Revenue</u>						
Program revenue	\$ 38,556	\$ 30,823	\$ 1,132,514	\$ 1,140,764	\$ 1,171,070	\$ 1,171,587
General revenue	<u>547,178</u>	<u>575,144</u>	<u>535</u>	<u>938</u>	<u>547,713</u>	<u>576,082</u>
Total revenue	<u>\$ 585,734</u>	<u>\$ 605,967</u>	<u>\$ 1,133,049</u>	<u>\$ 1,141,702</u>	<u>\$ 1,718,783</u>	<u>\$ 1,747,669</u>
<u>Expenses</u>						
General government	\$ 373,247	\$ 408,379	\$ -	\$ -	\$ 373,247	\$ 408,379
Public safety	448,608	450,109	-	-	448,608	450,109
Highway and streets	140,083	133,815	-	-	140,083	133,815
Combined utility	-	-	719,641	772,221	719,641	772,221
Interest on long-term debt	<u>8,770</u>	<u>6,050</u>	<u>9,774</u>	<u>11,679</u>	<u>18,544</u>	<u>17,729</u>
Total expenses	<u>\$ 970,708</u>	<u>\$ 998,353</u>	<u>\$ 729,415</u>	<u>\$ 783,900</u>	<u>\$ 1,700,123</u>	<u>\$ 1,782,253</u>
Net transfers in (out)	<u>\$ 308,054</u>	<u>\$ 233,065</u>	<u>\$ (353,074)</u>	<u>\$ (236,281)</u>	<u>\$ (45,020)</u>	<u>\$ (3,216)</u>
Increase (decrease) in net position	<u>\$ (76,920)</u>	<u>\$ (159,321)</u>	<u>\$ 50,560</u>	<u>\$ 121,521</u>	<u>\$ (26,360)</u>	<u>\$ (37,800)</u>
Net position, beginning of year	\$ (124,543)	\$ (4,447)	\$ 2,194,400	\$ 2,069,732	\$ 2,069,857	\$ 2,065,285
Prior period adjustment	-	39,225	-	3,147	-	42,372
Net position, beginning of year - as restated	<u>\$ (124,543)</u>	<u>\$ 34,778</u>	<u>\$ 2,194,400</u>	<u>\$ 2,072,879</u>	<u>\$ 2,069,857</u>	<u>\$ 2,107,657</u>
Net position, end of year	<u>\$ (201,463)</u>	<u>\$ (124,543)</u>	<u>\$ 2,244,960</u>	<u>\$ 2,194,400</u>	<u>\$ 2,043,497</u>	<u>\$ 2,069,857</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, 2018

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:

	<u>Operating Revenues</u>				
	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Garbage</u>	<u>Total</u>
Fiscal year ended September 30, 2017	\$ 421,109	\$ 167,638	\$ 242,291	\$ 106,904	\$ 937,942
Fiscal year ended September 30, 2018	<u>451,743</u>	<u>204,259</u>	<u>253,033</u>	<u>120,756</u>	<u>1,029,791</u>
Increase (decrease) from prior year	<u>\$ 30,634</u>	<u>\$ 36,621</u>	<u>\$ 10,742</u>	<u>\$ 13,852</u>	<u>\$ 91,849</u>
	<u>Operating Expenses</u>				
	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Garbage</u>	<u>Total</u>
Fiscal year ended September 30, 2017	\$ 274,881	\$ 162,714	\$ 208,284	\$ 126,342	\$ 772,221
Fiscal year ended September 30, 2018	<u>229,575</u>	<u>134,962</u>	<u>234,821</u>	<u>120,124</u>	<u>719,482</u>
Increase (decrease) from prior year	<u>\$ (45,306)</u>	<u>\$ (27,752)</u>	<u>\$ 26,537</u>	<u>\$ (6,218)</u>	<u>\$ (52,739)</u>
	<u>Net Income (Loss) From Operations</u>				
	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Garbage</u>	<u>Total</u>
Fiscal year ended September 30, 2017	\$ 139,735	\$ 2,314	\$ (3,986)	\$ (22,157)	\$ 115,906
Fiscal year ended September 30, 2018	<u>222,168</u>	<u>69,297</u>	<u>18,212</u>	<u>632</u>	<u>310,309</u>
Increase (decrease) from prior year	<u>\$ 82,433</u>	<u>\$ 66,983</u>	<u>\$ 22,198</u>	<u>\$ 22,789</u>	<u>\$ 194,403</u>

TOWN OF CENTREVILLE, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2018

Government-Wide Financial Analysis (continued)

Business-Type Activities (continued)

The reasons for major fluctuations noted above are as follows:

All departments showed increases in net income (loss) from operations primarily due to increases 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 \$320,121, which is a increase of \$25,277. \$220,260 of the fund balance is unassigned. The remaining balances of \$5,170, \$38,108, and \$56,583 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 net position of \$50,560. The increase was primarily due to the increase in operating revenue. \$208,584 of the net position was unrestricted at September 30, 2018. The remaining amounts of \$2,036,289 and \$87 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, 2018

Fund Financial Statements - Proprietary Funds (continued)

General Fund Budgetary Highlights

The final budget and the actual results difference show a negative position of \$62,657. Revenues exceeded budgeted amounts by \$21,045. Actual expenditures were more than budgeted expenditures by \$3,712. Operating net transfers showed a negative variance of \$79,990. 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, 2018, is \$2,943,431.

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, 2018

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents – unrestricted	\$ 134,759	\$ 80,172	\$ 214,931
Receivables, net of allowances for uncollectibles	90,455	190,405	280,860
Internal balances	11,025	(36,834)	(25,809)
Cash and cash equivalents – restricted	111,309	147,219	258,528
Capital assets, net	<u>984,508</u>	<u>2,620,220</u>	<u>3,604,728</u>
Total assets	<u>\$ 1,332,056</u>	<u>\$ 3,001,182</u>	<u>\$ 4,333,238</u>
DEFERRED OUTFLOWS OF RESOURCES – PENSIONS			
	<u>\$ 27,942</u>	<u>\$ -</u>	<u>\$ 27,942</u>
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	\$ 27,427	\$ 22,004	\$ 49,431
Payable from restricted assets	-	147,132	147,132
Notes and capital lease payable, due within one year	92,785	52,579	145,364
Compensated absences payable	17,503	3,155	20,658
Notes and capital lease payable, beyond one year	60,313	531,352	591,665
Net pension liability	<u>1,330,638</u>	<u>-</u>	<u>1,330,638</u>
Total liabilities	<u>\$ 1,528,666</u>	<u>\$ 756,222</u>	<u>\$ 2,284,888</u>
DEFERRED INFLOWS OF RESOURCES – PENSIONS			
	<u>\$ 32,795</u>	<u>\$ -</u>	<u>\$ 32,795</u>
<u>NET POSITION</u>			
Investment in capital assets, net of related debt	\$ 1,015,581	\$ 2,036,289	\$ 3,051,870
Restricted	99,861	87	99,948
Unrestricted	<u>(1,316,905)</u>	<u>208,584</u>	<u>(1,108,321)</u>
Total net position	<u>\$ (201,463)</u>	<u>\$ 2,244,960</u>	<u>\$ 2,043,497</u>

See accompanying notes to the basic financial statements.

TOWN OF CENTREVILLE, MISSISSIPPI

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

		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	\$ 373,247	\$ 8,065	\$ 9,331	\$ -	\$ (355,851)	\$ (355,851)	\$ -	\$ (355,851)
Public safety	448,608	21,160	-	-	(427,448)	(427,448)	-	(427,448)
Highways and streets	140,083	-	-	-	(140,083)	(140,083)	-	(140,083)
Interest on long-term debt	8,770	-	-	-	(8,770)	(8,770)	-	(8,770)
Total governmental activities	<u>\$ 970,708</u>	<u>\$ 29,225</u>	<u>\$ 9,331</u>	<u>\$ -</u>	<u>\$ (932,152)</u>	<u>\$ (932,152)</u>	<u>\$ -</u>	<u>\$ (932,152)</u>
<u>BUSINESS-TYPE ACTIVITIES</u>								
Water and sewer	\$ 369,489	\$ 656,162	\$ -	\$ 102,563	\$ 389,236	\$ -	\$ 389,236	\$ 389,236
Gas	238,171	253,033	-	-	14,862	-	14,862	14,862
Garbage	121,755	120,756	-	-	(999)	-	(999)	(999)
Total business-type activities	<u>\$ 729,415</u>	<u>\$ 1,029,951</u>	<u>\$ -</u>	<u>\$ 102,563</u>	<u>\$ 403,099</u>	<u>\$ -</u>	<u>\$ 403,099</u>	<u>\$ 403,099</u>
Total	<u>\$ 1,700,123</u>	<u>\$ 1,059,176</u>	<u>\$ -</u>	<u>\$ 102,563</u>	<u>\$ (529,053)</u>	<u>\$ (932,152)</u>	<u>\$ 403,099</u>	<u>\$ (529,053)</u>
General revenues:								
Ad valorem taxes						\$ 216,226	\$ -	\$ 216,226
Licenses and permits						36,226	-	36,226
Intergovernmental revenues						280,035	-	280,035
Investment earnings						967	535	1,502
Other general revenues						13,724	-	13,724
Transfers						308,054	(353,074)	(45,020)
Total general revenues and transfers						<u>\$ 855,232</u>	<u>\$ (352,539)</u>	<u>\$ 502,693</u>
Change in net position						<u>\$ (76,920)</u>	<u>\$ 50,560</u>	<u>\$ (26,360)</u>
Net position - beginning						<u>\$ (124,543)</u>	<u>\$ 2,194,400</u>	<u>\$ 2,069,857</u>
Net position - ending						<u>\$ (201,463)</u>	<u>\$ 2,244,960</u>	<u>\$ 2,043,497</u>

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS

TOWN OF CENTREVILLE, MISSISSIPPI

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	<u>Major Fund</u> General Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents – unrestricted	\$ 134,759	\$ -	\$ 134,759
Accounts receivable, net of allowances for uncollectibles	25,924	64,531	90,455
Cash and cash equivalents – restricted	-	111,309	111,309
Due from other funds	<u>74,326</u>	<u>27,894</u>	<u>102,220</u>
Total assets	<u>\$ 235,009</u>	<u>\$ 203,734</u>	<u>\$ 438,743</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Liabilities:			
Accounts payable	\$ 12,616	\$ 12,678	\$ 25,294
Accrued liabilities	2,133	-	2,133
Due to other funds	<u>-</u>	<u>91,195</u>	<u>91,195</u>
Total liabilities	<u>\$ 14,749</u>	<u>\$ 103,873</u>	<u>\$ 118,622</u>
Fund balance:			
Restricted:			
Unemployment claims	\$ -	\$ 5,170	\$ 5,170
Debt payments	-	38,108	38,108
Fire department expenditures	-	56,583	56,583
Unassigned, reported in:			
General fund	<u>220,260</u>	<u>-</u>	<u>220,260</u>
Total fund balance	<u>\$ 220,260</u>	<u>\$ 99,861</u>	<u>\$ 320,121</u>
Total liabilities and fund balance	<u>\$ 235,009</u>	<u>\$ 203,734</u>	<u>\$ 438,743</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, 2018

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

Fund Balances, Total Governmental Funds (Statement C)	\$ 320,121
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	984,508
Compensated absences expenses are not payable in the current period and, accordingly, are not included in the governmental funds.	(17,503)
Deferred outflows and inflows are not financial resources or currently payable.	
Deferred outflows	27,942
Deferred inflows	(32,795)
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	(153,098)
Net pension liability	<u>(1,330,638)</u>
Net Position of Governmental Activities (Statement A)	<u>\$ (201,463)</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, 2018

	Major Fund General Fund	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>			
Ad valorem taxes	\$ 178,127	\$ 38,099	\$ 216,226
Licenses and permits	36,226	-	36,226
Intergovernmental revenues	276,106	13,260	289,366
Fines and forfeitures	21,160	-	21,160
Investment earnings	826	141	967
Other revenues	<u>21,789</u>	<u>-</u>	<u>21,789</u>
Total revenues	<u>\$ 534,234</u>	<u>\$ 51,500</u>	<u>\$ 585,734</u>
<u>EXPENDITURES</u>			
General government	\$ 308,463	\$ -	\$ 308,463
Public safety	444,972	14,867	459,839
Highways and streets	115,999	-	115,999
Debt service:			
Principal	25,440	50,000	75,440
Interest	<u>4,720</u>	<u>4,050</u>	<u>8,770</u>
Total expenditures	<u>\$ 899,594</u>	<u>\$ 68,917</u>	<u>\$ 968,511</u>
Revenues under expenditures	<u>\$ (365,360)</u>	<u>\$ (17,417)</u>	<u>\$ (382,777)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Loan proceeds	\$ 100,000	\$ -	\$ 100,000
Transfers - in	369,617	20,201	389,818
Transfers - out	<u>(81,607)</u>	<u>(157)</u>	<u>(81,764)</u>
Total other financing sources	<u>\$ 388,010</u>	<u>\$ 20,044</u>	<u>\$ 408,054</u>
Net change in fund balances	<u>\$ 22,650</u>	<u>\$ 2,627</u>	<u>\$ 25,277</u>
Fund balances - beginning	<u>\$ 197,610</u>	<u>\$ 97,234</u>	<u>\$ 294,844</u>
Fund balances - ending	<u>\$ 220,260</u>	<u>\$ 99,861</u>	<u>\$ 320,121</u>

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, 2018

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

Net Change in Fund Balances, Total Governmental Funds (Statement E)	\$ 25,277
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.	(54,611)
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.	(24,560)
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.	21,131
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.	<u>(44,157)</u>
Change in Net Position of Governmental Activities (Statement B)	<u>\$ (76,920)</u>

See accompanying notes to the basic financial statements.

PROPRIETARY FUNDS

TOWN OF CENTREVILLE, MISSISSIPPI

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

SEPTEMBER 30, 2018

	<u>Enterprise Fund</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 80,172
Receivables, net of allowances for uncollectibles	<u>190,405</u>
Total current assets	<u>\$ 270,577</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	\$ 147,132
Deposits related to construction projects	87
Capital assets (net of accumulated depreciation)	<u>2,620,220</u>
Total noncurrent assets	<u>\$ 2,767,439</u>
Total assets	<u><u>\$ 3,038,016</u></u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 22,004
Due to other funds	36,834
Notes payable – current	<u>52,579</u>
Total current liabilities	<u>\$ 111,417</u>
Current liabilities payable from restricted assets:	
Customer deposits	<u>\$ 147,132</u>
Long-term liabilities:	
Notes payable	\$ 531,352
Compensated absences	<u>3,155</u>
Total long-term liabilities	<u>\$ 534,507</u>
Total liabilities	<u>\$ 793,056</u>
<u>NET POSITION</u>	
Net investment in capital assets, net of related debt	\$ 2,036,289
Restricted for construction projects	87
Unrestricted	<u>208,584</u>
Total net position	<u><u>\$ 2,244,960</u></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, 2018

	<u>Enterprise Fund</u>
<u>OPERATING REVENUES</u>	
Charges for services:	
Water sales	\$ 415,407
Sewer sales	204,259
Gas sales	252,653
Garbage charges	120,097
Tap fees	10,000
Other operating revenues	<u>27,375</u>
Total operating revenues	<u>\$ 1,029,791</u>
<u>OPERATING EXPENSES</u>	
Personal services	\$ 177,962
Purchase of utilities provided	110,411
Materials and supplies	12,716
Repairs and maintenance	168,721
Depreciation	136,284
Utilities and telephone	50,438
Other operating expenses	<u>62,950</u>
Total operating expenses	<u>\$ 719,482</u>
Operating income	<u>\$ 310,309</u>
Nonoperating revenues (expenses)	
Interest earnings	\$ 535
Interest expense	<u>(9,773)</u>
Total nonoperating revenues (expenses)	<u>\$ (9,238)</u>
Income before contributions and transfers	\$ 301,071
Grant proceeds	102,563
Transfers - out	<u>(353,074)</u>
Change in net position	<u>\$ 50,560</u>
Total net position - beginning	<u>\$ 2,194,400</u>
Total net position - ending	<u><u>\$ 2,244,960</u></u>

See accompanying notes to the basic financial statements.

TOWN OF CENTREVILLE, MISSISSIPPI

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2018

	<u>Enterprise Fund</u>
Cash flows from operating activities	
Receipts from customers and users	\$ 1,009,252
Payments to suppliers	(429,461)
Payments to employees	(177,850)
Net cash provided by operating activities	<u>\$ 401,941</u>
Cash flows from noncapital financing activities	
Transfers to other funds	\$ (344,835)
Net cash used for noncapital financing activities	<u>\$ (344,835)</u>
Cash flows from capital and related financing activities	
Proceeds from capital grants	\$ 102,563
Purchase of fixed assets	(102,563)
Principal paid on notes payable	(52,579)
Interest paid on notes payable	(9,773)
Net cash used for capital and related financing activities	<u>\$ (62,352)</u>
Cash flows from investing activities	
Interest on temporary investments	\$ 535
Net cash provided by investing activities	<u>\$ 535</u>
Decrease in cash and cash equivalents	\$ (4,711)
Cash and cash equivalents, beginning of year	<u>232,102</u>
Cash and cash equivalents, end of year	<u><u>\$ 227,391</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	<u>\$ 310,309</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	\$ 136,284
Change in assets and liabilities	
(Increase) decrease in:	
Accounts receivable	(20,539)
Increase (decrease) in:	
Accounts payable	(22,878)
Customer deposits	(1,347)
Other payables	112
Total adjustments	<u>\$ 91,632</u>
Net cash provided by operating activities	<u><u>\$ 401,941</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, 2018

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, 2018

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, 2018

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, 2018, these amounts were considered to be immaterial.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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, 2018:

Utility Fund - construction in progress deposits	\$ 87
Unemployment Fund - employee benefits	5,170
Debt Service Fund - debt payments	38,108
Special Fire Fund - fire department expenses	<u>56,583</u>
 Total restricted assets	 <u>\$ 99,948</u>

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

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.

TOWN OF CENTREVILLE, MISSISSIPPI
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$99,948 of restricted net position, all of which is restricted by enabling legislation.

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;

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Equity Classification (continued)

Fund Financial Statements (continued)

- 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.

Accounting Standards Adopted in Fiscal Year 2018

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The items addressed in this Statement are not expected to have a significant effect on the Town's current accounting policies. Adoption of GASB Statement No. 85, which was effective for the Town on October 1, 2017, did not have a material impact on the Town's financial statements.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The item addressed in this Statement is not expected to have a significant effect on the Town's current accounting policies. Adoption of GASB Statement No. 86, which was effective for the Town on October 1, 2017, did not have a material impact on the Town's financial statements.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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, 2018, the municipality has cash and cash equivalents as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Unrestricted:		
Demand deposits	\$ 108,793	\$ 85,007
Time deposit	106,138	105,738
Totals - unrestricted accounts	<u>\$ 214,931</u>	<u>\$ 190,745</u>
Restricted:		
Demand deposits	\$ 197,904	\$ 264,176
Time deposit	60,624	60,624
Totals - restricted accounts	<u>\$ 258,528</u>	<u>\$ 324,800</u>
Totals - all accounts	<u>\$ 473,459</u>	<u>\$ 515,545</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, 2018

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	\$ 80,172
Restricted cash	<u>147,219</u>
Total cash, cash equivalents, and restricted cash shown in the Statement of Cash Flows	<u>\$ 227,391</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 2017 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, 2018

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	83,483	-	83,483
Accounts	<u>6,955</u>	<u>307,486</u>	<u>314,441</u>
Gross receivables	\$ 90,455	\$ 307,486	\$ 397,941
Less allowance for uncollectibles	<u>-</u>	<u>(117,081)</u>	<u>(117,081)</u>
Net total receivables	<u>\$ 90,455</u>	<u>\$ 190,405</u>	<u>\$ 280,860</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	\$ 74,326	\$ -
Special revenue		
Special fire fund	3,860	8,752
Debt service fund	24,034	-
Agency funds		
Accounts payable and payroll clearing	-	12,322
Tax clearing	-	70,121
Enterprise fund	<u>-</u>	<u>36,834</u>
Total all funds	<u>\$ 102,220</u>	<u>\$ 128,029</u>

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 7 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2018, is as follows:

	Beginning Balance 10/1/2017	Increases	Decreases	Ending Balance 9/30/2018
<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	149,284	23,538	-	172,822
Vehicles	121,224	-	-	121,224
Civic Center	683,328	-	-	683,328
Street overlays - infrastructure	429,945	-	-	429,945
Total capital assets, being depreciated	\$ 1,682,531	\$ 23,538	\$ -	\$ 1,706,069
Less accumulated depreciation for:				
Buildings	\$ (160,116)	\$ (7,072)	\$ -	\$ (167,188)
Machinery and equipment	(96,603)	(8,959)	-	(105,562)
Vehicles	(119,909)	-	-	(119,909)
Civic Center	(103,922)	(17,083)	-	(121,005)
Street overlays - infrastructure	(209,312)	(21,497)	-	(230,809)
Total accumulated depreciation	\$ (689,862)	\$ (54,611)	\$ -	\$ (744,473)
Total capital assets, being depreciated, net	\$ 992,669	\$ (31,073)	\$ -	\$ 961,596
Governmental activities capital assets, net	\$ 1,015,581	\$ (31,073)	\$ -	\$ 984,508
<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	\$ 5,684,959	\$ 102,563	\$ -	\$ 5,787,522
Machinery, equipment, and vehicles	232,787	-	-	232,787
Total capital assets, being depreciated	\$ 5,917,746	\$ 102,563	\$ -	\$ 6,020,309

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 7 - CAPITAL ASSETS (continued)

	Beginning Balance 10/1/2017	Increases	Decreases	Ending Balance 9/30/2018
Less accumulated depreciation for:				
Distribution systems	\$ (3,124,564)	\$ (130,132)	\$ -	\$ (3,254,696)
Machinery, equipment, and vehicles	(155,851)	(6,152)	-	(162,003)
Total accumulated depreciation	\$ (3,280,415)	\$ (136,284)	\$ -	\$ (3,416,699)
Total capital assets, being depreciated, net	\$ 2,637,331	\$ (33,721)	\$ -	\$ 2,603,610
Business-type activities capital assets, net	\$ 2,653,941	\$ (33,721)	\$ -	\$ 2,620,220

Depreciation expense of \$54,611 for the year ended September 30, 2018, was charged to the following governmental functions:

General government	\$ 29,828
Public safety	728
Highways and streets	24,055
Total	\$ 54,611

NOTE 8 - INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2018, were as follows:

- \$353,074 was transferred from the Enterprise Fund to the General Fund to cover expenses of general operations.
- \$20,201 was transferred from the General Fund to the Debt Service Fund to cover the Town's general obligation debt requirements.

NOTE 9 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$49,431 at September 30, 2018, are as follows:

	Governmental Funds	Enterprise Fund	Total
Accounts payable	\$ 25,294	\$ 22,004	\$ 47,298
Accrued liabilities	2,133	-	2,133
Total	\$ 27,427	\$ 22,004	\$ 49,431

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 10 - LONG-TERM DEBT

Bonds and notes payable at September 30, 2018, 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:

\$ 55,000

Note payable to United Mississippi Bank to fund operations, dated December 2017, payable in monthly installments of \$2,899 at an interest rate of 2.75% maturing December 2020.

75,732

Capital lease dated June 2018 in the amount of \$23,550 financed through Kubota Leasing for the purchase of equipment, payable in sixty payments in the amount of \$391 and maturing in June 2023 with a \$100 buy-out option.

22,366

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.

34,419

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.

60,603

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.

488,909

Total bonds and notes payable

\$ 737,029

Less current portion

(145,364)

Long-term portion

\$ 591,665

Year ending September 30,	Bonds, Notes, and Capital Leases Payable					
	General		Enterprise		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 92,785	\$ 7,481	\$ 52,579	\$ 11,323	\$ 145,364	\$ 18,804
2020	38,717	5,448	53,604	10,104	92,321	15,552
2021	13,299	4,730	87,616	9,079	100,915	13,809
2022	4,690	-	43,907	7,590	48,597	7,590
2023	3,607	-	37,328	6,509	40,935	6,510
2024-2028	-	-	196,754	22,104	196,754	22,104
2029-2033	-	-	112,143	5,070	112,143	5,070
	<u>\$ 153,098</u>	<u>\$ 17,659</u>	<u>\$ 583,931</u>	<u>\$ 71,779</u>	<u>\$ 737,029</u>	<u>\$ 89,439</u>

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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, 2018:

Assessed valuation for the fiscal year ended September 30, 2018	\$ 5,674,331
Percent limitation	15%
Authorized debt limit	\$ 851,150
Present bonded debt service to 15% limitation	55,000
Margin for further indebtedness under 15% limitation	<u>\$ 796,150</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, 2018

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, 2018, 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, 2018, 2017, and 2016, were \$86,405, \$81,387, and \$78,207 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, 2018, the Town reported a liability of \$1,330,638 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the Town's proportion was 0.008%.

At June 30, 2018, the Town recognized pension expense of \$128,016. At September 30, 2018, 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	\$ 5,833	\$ 5,609
Net difference between projected and actual earnings on pension plan investments	-	26,451
Changes of assumptions	785	735
The Town's contributions subsequent to the measurement date	21,323	-
Total	<u>\$ 27,941</u>	<u>\$ 32,795</u>

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTE 11 - DEFINED BENEFIT PENSION PLAN (continued)

\$21,323 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:		
2019	\$	15,886
2020	\$	(5,437)
2021	\$	(5,437)
2022	\$	(4,575)
2023	\$	(5,291)
Thereafter	\$	-

Actuarial assumptions. The total pension liability in the June 30, 2018, 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, 2018, 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, 2018

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	\$ 1,752,068	\$ 1,330,638	\$ 980,373

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, 2018

NOTE 12 - INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the year ended September 30, 2018, consisted of the following:

	Special Fire Fund	Debt and General Fund	Service Funds	Utility Fund	Totals
State					
Sales tax allocation	\$ -	\$ 236,845	\$ -	\$ -	\$ 236,845
Taxes - nuclear plant	-	14,007	-	-	14,007
General municipal aid	-	1,339	-	-	1,339
Gasoline tax	-	5,997	-	-	5,997
Homestead exemption reimbursement	-	18,075	3,772	-	21,847
Fire insurance rebate	9,331	-	-	-	9,331
Federal					
CDBG disaster drainage project	-	-	-	102,563	102,563
Total intergovernmental revenues	<u>\$ 9,331</u>	<u>\$ 276,263</u>	<u>\$ 3,772</u>	<u>\$ 102,563</u>	<u>\$ 391,929</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	\$ 120,097	\$ 252,653	\$ 657,041	\$ 1,029,791
Operating expenses	(119,047)	(234,493)	(229,658)	(583,198)
Depreciation	(1,077)	(328)	(134,879)	(136,284)
Operating income (loss)	<u>\$ (27)</u>	<u>\$ 17,832</u>	<u>\$ 292,504</u>	<u>\$ 310,309</u>
Interest income				535
Interest expense				(9,773)
Grant proceeds				102,563
Operating transfers, net				<u>(353,074)</u>
Net income				<u>\$ 50,560</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, 2018.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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 - SUBSEQUENT EVENTS

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Town evaluated the activity of the Town through February 12, 2021, (the date the financial statements were available to be issued) and determined that the following subsequent events require disclosure in the notes to the financial statements:

In December 2019, a novel strain of coronavirus was reported to have surfaced in China. The spread of the virus began to cause some business disruption through reduced revenue. While this disruption is currently expected to be temporary, there is considerable uncertainty around the duration. However, the related financial impact and duration cannot be reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

TOWN OF CENTREVILLE, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Amended</u>		
REVENUES				
Ad valorem taxes	\$ 275,850	\$ 170,926	\$ 178,127	\$ 7,201
Licenses and permits	85,000	34,212	36,226	2,014
Intergovernmental	333,801	264,501	276,106	11,605
Fines	45,000	15,000	21,160	6,160
Interest	9,500	500	826	326
Miscellaneous	51,800	28,050	21,789	(6,261)
Total revenues	<u>\$ 800,951</u>	<u>\$ 513,189</u>	<u>\$ 534,234</u>	<u>\$ 21,045</u>
EXPENDITURES				
General government	\$ 348,741	\$ 269,557	\$ 308,463	\$ (38,906)
Public safety	560,346	480,873	444,972	35,901
Highways and streets	211,000	145,452	115,999	29,453
Debt service:				
Principal	-	-	25,440	(25,440)
Interest	-	-	4,720	(4,720)
Total expenditures	<u>\$ 1,120,087</u>	<u>\$ 895,882</u>	<u>\$ 899,594</u>	<u>\$ (3,712)</u>
Excess of revenues under expenditures	<u>\$ (319,136)</u>	<u>\$ (382,693)</u>	<u>\$ (363,360)</u>	<u>\$ 19,333</u>
OTHER FINANCING SOURCES (USES)				
Loan proceeds	\$ -	\$ 100,000	\$ 100,000	\$ -
Operating transfers - in	520,000	368,000	369,617	1,617
Operating transfers - out	-	-	(81,607)	(81,607)
Total other financing sources (uses)	<u>\$ 520,000</u>	<u>\$ 468,000</u>	<u>\$ 388,010</u>	<u>\$ (79,990)</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>\$ 200,864</u>	<u>\$ 85,307</u>	<u>\$ 22,650</u>	<u>\$ (62,657)</u>
Fund balance - beginning of year	<u>\$ 197,610</u>	<u>\$ 197,610</u>	<u>\$ 197,610</u>	<u>\$ -</u>
Fund balance - end of year	<u>\$ 398,474</u>	<u>\$ 282,917</u>	<u>\$ 220,260</u>	<u>\$ (62,657)</u>

See Independent Auditor's Report.

TOWN OF CENTREVILLE, MISSISSIPPI
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PERS:				
Last 10 Fiscal Years*				
Contractually required contribution	\$ 86,405	\$ 81,387	\$ 78,207	\$ 80,902
Contributions in relation to the contractually required contribution	<u>(86,405)</u>	<u>(81,387)</u>	<u>(78,207)</u>	<u>(80,902)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
The Town's covered-employee payroll	\$ 548,603	\$ 517,246	\$ 496,561	\$ 513,660
Contributions as a percentage of covered- employee payroll	15.75%	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.

TOWN OF CENTREVILLE, MISSISSIPPI
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED SEPTEMBER 30, 2018

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.

Schedule of the Employer's Proportionate Share of the Net Pension Liability and Schedule of the Town's Contributions

1. Changes in Assumptions

2016 Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each proceeding year with a minimum rate of one percent and a maximum rate of five percent.

2. Changes in Assumptions

2017 The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022 rather than projected with Scale BB to 2016 which was used prior to 2017. Small adjustments were also made to the Mortality Table for disabled lives.

The wage inflation assumption was reduced from 3.75% to 3.25%.

Withdrawal rates, pre-retirement mortality rates, disability rates, and service retirement rates were also adjusted to more closely reflect actual experience.

The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2016 The assumed rate of interest credited to employee contributions was changed from 3.5% to 2%.

2015 The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than RP-2000 Mortality Table, which was used prior to 2015.

The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2018

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (continued)

Schedule of the Employer's Proportionate Share of the Net Pension Liability and Schedule of the Town's Contributions (continued)

2. Changes in Assumptions (continued)

2015 Withdrawal rates, pre-retirement mortality rates, disability rates, and service retirement rates were also adjusted to more closely reflect actual experience.

Assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.

The price inflation and investment rate of return assumptions were changed from 3.5% to 3% and 8% to 7.75%, respectively.

The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, open
Remaining amortization period	33.9 years
Asset valuation, method	5-year smoothed market
Price inflation	3%
Salary increase	3.75 - 19%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

See Independent Auditor's Report.

TOWN OF CENTREVILLE, MISSISSIPPI

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

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
PERS:				
Last 10 Fiscal Years*				
The Town's proportion of the net pension liability	0.008%	0.008%	0.008%	0.008%
The Town's proportionate share of the net pension liability	\$ 1,330,638	\$ 1,329,872	\$ 1,429,000	\$ 1,252,100
The Town's covered-employee payroll	\$ 548,603	\$ 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	243%	257%	288%	244%
Plan fiduciary net position as a percentage of the total pension liability	63%	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.

COMBINING FINANCIAL STATEMENTS

1. The following table shows the combined financial statements of the Company and its subsidiaries for the year ended 31 December 2017.

2. The combined financial statements are prepared on the basis of the accounting policies set out in the notes to the financial statements.

3. The combined financial statements are prepared on the basis of the accounting policies set out in the notes to the financial statements.

TOWN OF CENTREVILLE, MISSISSIPPI

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	Special Revenue Funds				Fiduciary Funds			Total Nonmajor Governmental Funds
	Special Fire Fund	Unemployment Compensation Fund	Total	Debt Service Fund	Accounts Payable and Payroll Clearing Fund	Tax Clearing Fund	Total	
ASSETS								
Cash and cash equivalents	\$ 74,153	\$ 5,170	\$ 79,323	\$ 14,074	\$ 12,322	\$ 5,590	\$ 17,912	\$ 111,309
Receivables (net of allowance for uncollectibles)	-	-	-	-	-	64,531	64,531	64,531
Due from other funds	3,860	-	3,860	24,034	-	-	-	27,894
Total assets	<u>\$ 78,013</u>	<u>\$ 5,170</u>	<u>\$ 83,183</u>	<u>\$ 38,108</u>	<u>\$ 12,322</u>	<u>\$ 70,121</u>	<u>\$ 82,443</u>	<u>\$ 203,734</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	\$ 12,678	\$ -	\$ 12,678	\$ -	\$ -	\$ -	\$ -	\$ 12,678
Due to other funds	8,752	-	8,752	-	12,322	70,121	82,443	91,195
Total liabilities	<u>\$ 21,430</u>	<u>\$ -</u>	<u>\$ 21,430</u>	<u>\$ -</u>	<u>\$ 12,322</u>	<u>\$ 70,121</u>	<u>\$ 82,443</u>	<u>\$ 103,873</u>
Fund balances:								
Restricted								
Unemployment claims	\$ -	\$ 5,170	\$ 5,170	\$ -	\$ -	\$ -	\$ -	\$ 5,170
Debt payments	-	-	-	38,108	-	-	-	38,108
Fire department expenses	56,583	-	56,583	-	-	-	-	56,583
Total fund balances	<u>\$ 56,583</u>	<u>\$ 5,170</u>	<u>\$ 61,753</u>	<u>\$ 38,108</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,861</u>
Total liabilities and fund balances	<u>\$ 78,013</u>	<u>\$ 5,170</u>	<u>\$ 83,183</u>	<u>\$ 38,108</u>	<u>\$ 12,322</u>	<u>\$ 70,121</u>	<u>\$ 82,443</u>	<u>\$ 203,734</u>

TOWN OF CENTREVILLE, MISSISSIPPI

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

SEPTEMBER 30, 2018

	Special Revenue Funds			Debt Service Fund	Total Nonmajor Governmental Funds
	Special Fire Fund	Unemployment Compensation Fund	Total		
Ad valorem taxes	\$ 1,524	\$ -	\$ 1,524	\$ 36,575	\$ 38,099
Intergovernmental	9,488	-	9,488	3,772	13,260
Interest	122	8	130	11	141
Other revenues	-	-	-	-	-
Total revenues	\$ 11,134	\$ 8	\$ 11,142	\$ 40,358	\$ 51,500
Expenditures:					
Public safety	\$ 14,867	\$ -	\$ 14,867	\$ -	\$ 14,867
Unemployment claims	-	-	-	-	-
Principal	-	-	-	50,000	50,000
Interest	-	-	-	4,050	4,050
Total expenditures	\$ 14,867	\$ -	\$ 14,867	\$ 54,050	\$ 68,917
Revenues over (under) expenditures	\$ (3,733)	\$ 8	\$ (3,725)	\$ (13,692)	\$ (17,417)
Other financing sources					
Operating transfers - in (out)	\$ (157)	\$ -	\$ (157)	\$ 20,201	\$ 20,044
Total other financing sources	\$ (157)	\$ -	\$ (157)	\$ 20,201	\$ 20,044
Excess revenues and other sources over expenditures	\$ (3,890)	\$ 8	\$ (3,882)	\$ 6,509	\$ 2,627
Fund balance - beginning of year	60,473	5,162	65,635	31,599	97,234
Fund balance - end of year	\$ 56,583	\$ 5,170	\$ 61,753	\$ 38,108	\$ 99,861

See Independent Auditor's Report.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF CENTREVILLE, MISSISSIPPI
 SCHEDULE RECONCILING ORIGINAL AD VALOREM TAX ROLLS TO
 FUND COLLECTIONS ON 2017 AD VALOREM TAXES

YEAR ENDED SEPTEMBER 30, 2018

	<u>Assessed Value</u>	<u>Tax</u>
Assessed valuation		
Real property	\$ 4,061,549	\$ 142,155
Personal property	1,263,456	44,221
Public utilities	<u>349,326</u>	<u>12,226</u>
Total at 35.0 mills	<u>\$ 5,674,331</u>	\$ 198,602
Add: Actual homestead reimbursement		22,004
Prior year collections		5,259
Mobile home and automobile collections		45,312
Less: Homestead credit allowed		<u>(19,839)</u>
Total to be accounted for		<u>\$ 251,338</u>

	<u>Taxes</u>	<u>Homestead Reimbursement</u>	<u>Totals</u>
Credits			
Collection allocated to:			
General fund	\$ 168,981	\$ 18,075	\$ 187,056
Debt service fund	35,266	3,772	39,038
Special fire fund	<u>1,470</u>	<u>157</u>	<u>1,627</u>
	<u>\$ 205,717</u>	<u>\$ 22,004</u>	\$ 227,721

Balance represented by:		
Uncollected		8,008
Unaccounted for		<u>15,609</u>
Total accounted for		<u>\$ 251,338</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, 2018

UNRESTRICTED INVESTMENTS

General Fund

Certificate of deposit, dated December 15, 2017, interest rate 0.15%, due December 15, 2020	\$ <u>106,139</u>
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RESTRICTED INVESTMENTS

Special Fire Fund

Certificate of deposit, dated April 25, 2018, interest rate 0.15%, due October 25, 2018	\$ <u>17,703</u>
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Enterprise Fund

Certificate of deposit, dated April 25, 2018, interest rate 0.15%, due October 25, 2018	\$ <u>42,920</u>
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Total investments	\$ <u><u>166,762</u></u>
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TOWN OF CENTREVILLE, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2018

<u>Name</u>	<u>Position</u>	<u>Insurance Company</u>	<u>Amount</u>
David Owens	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
Felicia Williams	Alderman	Travelers Casualty & Surety Company	\$ 50,000
Thomas Lobrano	Alderman	Travelers Casualty & Surety Company	\$ 50,000
David Walker	Alderman	Travelers Casualty & Surety Company	\$ 50,000
Audrey Boykin	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, 2018

Definition and Purpose	Balance Outstanding 10/1/2017	Transactions During Year		Balance Outstanding 9/30/2018
		Issued	Redeemed	
Bonds, Notes, and Capital Leases Payable				
<u>General</u>				
2007 street improvement bonds	\$ 105,000	\$ -	\$ 50,000	\$ 55,000
2017 pperating loan	-	100,000	24,268	75,732
Capital lease	<u>-</u>	<u>23,550</u>	<u>1,184</u>	<u>22,366</u>
	<u>\$ 105,000</u>	<u>\$ 123,550</u>	<u>\$ 75,452</u>	<u>\$ 153,098</u>
<u>Enterprise</u>				
2001 CAP loan	\$ 43,988	\$ -	\$ 9,569	\$ 34,419
MDEQ loan	523,423	-	34,514	488,909
2017 Caterpillar backhoe	<u>69,525</u>	<u>-</u>	<u>8,922</u>	<u>60,603</u>
	<u>\$ 636,936</u>	<u>\$ -</u>	<u>\$ 53,005</u>	<u>\$ 583,931</u>
Other Long-Term Debt				
Compensated absences	<u>\$ 41,677</u>	<u>\$ 3,318</u>	<u>\$ 24,337</u>	<u>\$ 20,658</u>
Total	<u>\$ 783,613</u>	<u>\$ 126,868</u>	<u>\$ 152,794</u>	<u>\$ 757,687</u>

See Independent Auditor's Report.

INTERNAL CONTROL AND COMPLIANCE REPORTS

INTERNAL CONTROL AND COMPLIANCE REPORTS



209 N. Commerce St.
Natchez, MS 39120
P. O. Box 1027
Natchez, MS 39121
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**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, 2018, 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 12, 2021.

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: 2018-01, 2018-03, 2018-04, 2018-05, 2018-06, 2018-07, and 2018-08.

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 2018-2.

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.



Natchez, Mississippi
February 12, 2021

TOWN OF CENTREVILLE, MISSISSIPPI
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

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, 2018

SECTION II: FINANCIAL STATEMENT FINDINGS

2018-1	<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 collections, 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.
2018-2	<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.
2018-3	<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, 2018

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.

2018-4 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.

2018-5 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.

2018-6 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, 2018

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.

2018-7 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.

2018-8 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, 2018

SECTION III: MANAGEMENT LETTER:

No management letter issued.

TOWN OF CENTREVILLE, MISSISSIPPI
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

SECTION IV: FINANCIAL STATEMENT FINDINGS

2017-1 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.

2017-2 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, 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 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, 2018

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.

2017-4 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.

2017-5 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.

2017-6 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, 2018

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.

2017-7 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.

2017-8 Recordkeeping (Unresolved)

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.



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**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, 2018, and have issued our report thereon dated February 12, 2021. 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 2018-2.

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.

Silas Simmons, LLP

Natchez, Mississippi
February 12, 2021