

VILLAGE OF CENTERTOWN

Centertown, Missouri

INDEPENDENT AUDITOR'S REPORT

For the Year Ended May 31, 2025

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR’S REPORT	1 – 4
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	5
Statement of Activities	6
Fund Financial Statements:	
Balance Sheet – Modified Cash Basis – Governmental Funds	7
Statement of Revenues, Expenditures, and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	8
Statement of Fund Net Position – Proprietary Funds	9
Statement of Revenues, Expenditures, and Changes in Fund Net Position – Proprietary Funds	10
Statement of Cash Flows – Proprietary Funds	11
NOTES TO THE FINANCIAL STATEMENTS	12 – 25
OTHER INFORMATION:	
Budgetary Comparison Schedule – General Fund	26
Notes to the Budgetary Comparison Schedule	27



3702 West Truman Blvd, Suite 213
Jefferson City, MO 65109
Phone: (573) 893-7700 Fax: (573) 893-6649
Web: gravescpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Village of Centertown
Centertown, Missouri:

Opinions

We have audited the accompanying financial statements of the governmental activities – modified cash basis, the business-type activities, and each major fund of the Village of Centertown, Missouri (the “Village”), as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, and each major governmental fund of the Village, as of May 31, 2025, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Village as of May 31, 2025, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements of the governmental activities are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Village's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by the missing information.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the budgetary comparison information but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 24, 2025

BASIC FINANCIAL STATEMENTS

The basic financial statements include integrated sets of financial statements as required by the GASB. The sets of statements include:

- Government-wide financial statements

- Fund financial statements:
 - Governmental Funds
 - Proprietary Funds

In addition, the Notes to the Financial Statements are included to provide information essential to a user's understanding of the basic financial statements.

VILLAGE OF CENTERTOWN
STATEMENT OF NET POSITION
MAY 31, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 392,856	\$ 193,263	\$ 586,119
Cash and Cash Equivalents- Restricted	-	271,862	271,862
Accounts Receivable	-	5,324	5,324
Prepaid Payroll Taxes	340	-	340
Prepays- Other	-	278	278
Total Current Assets	<u>393,196</u>	<u>470,727</u>	<u>863,923</u>
Non-Current Assets:			
Land, Buildings, and Equipment- Net of Accumulated Depreciation	-	1,410,883	1,410,883
Total Non-Current Assets	<u>-</u>	<u>1,410,883</u>	<u>1,410,883</u>
Total Assets	<u>393,196</u>	<u>1,881,610</u>	<u>2,274,806</u>
LIABILITIES			
Current Liabilities:			
Security Deposits	-	10,575	10,575
Federal Withholding and FICA Payable	-	39	39
Missouri Withholding Payable	-	50	50
DNR SRF Loan	-	206,333	206,333
Total Liabilities	<u>-</u>	<u>216,997</u>	<u>216,997</u>
NET POSITION			
Net Investment in Capital Assets	-	1,204,550	1,204,550
Restricted	-	271,862	271,862
Unrestricted	393,196	188,201	581,397
Total Net Position	<u>\$ 393,196</u>	<u>\$ 1,664,613</u>	<u>\$ 2,057,809</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CENTERTOWN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2025

Function/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ (131,553)	\$ -	\$ -	\$ -	\$ (131,553)	\$ -	\$ (131,553)
CART Program	(6,905)	-	3,202	-	(3,703)	-	(3,703)
Total Governmental Activities	(138,458)	-	3,202	-	(135,256)	-	(135,256)
Business-Type Activities:							
Waterworks	(132,352)	78,470	-	53,843	-	(39)	(39)
Total Business-Type Activities	(132,352)	78,470	-	53,843	-	(39)	(39)
Total Primary Government	\$ (270,810)	\$ 78,470	\$ 3,202	\$ 53,843	(135,256)	(39)	(135,295)
General Revenues:							
Taxes:							
Property Taxes					38,881	-	38,881
Franchise Taxes					13,484	-	13,484
Motor Fuel Taxes					15,808	-	15,808
Sales Tax					22,419	-	22,419
Telecommunications Tax Payments					2,101	-	2,101
Collection Fees					-	1,277	1,277
Interest Income					1,694	3,276	4,970
Miscellaneous					241	169	410
Total General Revenues					94,628	4,722	99,350
Change in Net Position					(40,628)	4,683	(35,945)
Net Position, Beginning of Year- Restated					433,824	1,659,930	2,093,754
Net Position, End of Year					\$ 393,196	\$ 1,664,613	\$ 2,057,809

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CENTERTOWN

BALANCE SHEET – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
MAY 31, 2025

	General Fund	Investment Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 56,753	\$ 294,505	\$ 41,598	\$ 392,856
Prepaid Payroll Taxes	340	-	-	340
TOTAL ASSETS	<u>\$ 57,093</u>	<u>\$ 294,505</u>	<u>\$ 41,598</u>	<u>\$ 393,196</u>
FUND BALANCES				
Fund Balances:				
Assigned	\$ -	\$ 294,505	\$ 41,598	\$ 336,103
Unassigned	57,093	-	-	57,093
TOTAL FUND BALANCES	<u>\$ 57,093</u>	<u>\$ 294,505</u>	<u>\$ 41,598</u>	<u>\$ 393,196</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CENTERTOWN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – MODIFIED CASH BASIS –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MAY 31, 2025

	General Fund	Investment Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 38,881	\$ -	\$ -	\$ 38,881
Franchise Taxes	13,484	-	-	13,484
Motor Fuel Taxes	-	-	15,808	15,808
Sales Taxes	22,419	-	-	22,419
Grants	3,202	-	-	3,202
Telecommunications Tax Payments	2,101	-	-	2,101
Interest Income	702	717	275	1,694
Miscellaneous	241	-	-	241
Total Revenues	<u>81,030</u>	<u>717</u>	<u>16,083</u>	<u>97,830</u>
EXPENDITURES				
Accounting and Legal	17,236	-	-	17,236
Advertising and Promotion	686	-	-	686
Contributions	500	-	-	500
Dues and Subscriptions	475	-	-	475
Insurance	10,517	-	-	10,517
Office Expense	2,191	-	-	2,191
Payroll Expense	35,692	-	-	35,692
Payroll Taxes	240	-	-	240
Maintenance and Repairs	58,776	-	-	58,776
Rent Expense	1,232	-	-	1,232
Special Projects	1,345	-	-	1,345
Utilities	2,663	-	6,905	9,568
Total Expenditures	<u>131,553</u>	<u>-</u>	<u>6,905</u>	<u>138,458</u>
NET CHANGE IN FUND BALANCES	(50,523)	717	9,178	(40,628)
FUND BALANCES, BEGINNING OF YEAR	<u>107,616</u>	<u>293,788</u>	<u>32,420</u>	<u>433,824</u>
FUND BALANCES, END OF YEAR	<u>\$ 57,093</u>	<u>\$ 294,505</u>	<u>\$ 41,598</u>	<u>\$ 393,196</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CENTERTOWN

STATEMENT OF FUND NET POSITION –
 PROPRIETARY FUNDS
 MAY 31, 2025

	Waterworks Fund	Security Deposit Fund	Total Proprietary Funds
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 173,987	\$ 19,276	\$ 193,263
Cash and Cash Equivalents- Restricted	271,862	-	271,862
Accounts Receivable	5,324	-	5,324
Prepays- Other	278	-	278
Total Current Assets	<u>451,451</u>	<u>19,276</u>	<u>470,727</u>
Non-Current Assets:			
Land, Buildings, Equipment- Net of Accumulated Depreciation	<u>1,410,883</u>	<u>-</u>	<u>1,410,883</u>
Total Non-Current Assets	<u>1,410,883</u>	<u>-</u>	<u>1,410,883</u>
Total Assets	<u>1,862,334</u>	<u>19,276</u>	<u>1,881,610</u>
LIABILITIES			
Current Liabilities:			
Security Deposits	-	10,575	10,575
Federal Withholding and FICA Payable	39	-	39
Missouri Withholding Payable	50	-	50
DNR SRF Loan	<u>206,333</u>	<u>-</u>	<u>206,333</u>
Total Current Liabilities	<u>206,422</u>	<u>10,575</u>	<u>216,997</u>
NET POSITION			
Net Investment in Capital Assets	1,204,550	-	1,204,550
Restricted	271,862	-	271,862
Unrestricted	<u>179,500</u>	<u>8,701</u>	<u>188,201</u>
Total Net Position	<u>\$ 1,655,912</u>	<u>\$ 8,701</u>	<u>\$ 1,664,613</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CENTERTOWN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND NET POSITION –
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED MAY 31, 2025

	Waterworks Fund	Security Deposit Fund	Total Proprietary Funds
OPERATING REVENUES			
Charges for Services:			
Water Sales	\$ 78,470	\$ -	\$ 78,470
Collection Fees	1,277	-	1,277
Grant Income	53,843	-	53,843
Miscellaneous	169	-	169
Total Operating Revenues	<u>133,759</u>	<u>-</u>	<u>133,759</u>
OPERATING EXPENSES			
Contracted Labor	945	-	945
Dues and Subscriptions	475	-	475
Maintenance and Repairs	2,891	-	2,891
Office Expense	8,072	-	8,072
Contract Expense	13,250	-	13,250
Public Water System	325	-	325
Reserve Fund	6,800	-	6,800
Utilities	2,065	-	2,065
Grant Admin Fees	2,185	-	2,185
Water Tower - Engineering	54,644	-	54,644
Depreciation	39,027	-	39,027
Total Operating Expenses	<u>130,679</u>	<u>-</u>	<u>130,679</u>
Operating Revenue (Expenses)	3,080	-	3,080
NON-OPERATING REVENUES (EXPENSES)			
Interest Expense	(1,673)	-	(1,673)
Interest Income	3,133	143	3,276
Total Non-Operating Revenues (Expenses)	<u>1,460</u>	<u>143</u>	<u>1,603</u>
Change in Net Position	4,540	143	4,683
TOTAL NET POSITION, BEGINNING OF YEAR- RESTATED	<u>1,651,372</u>	<u>8,558</u>	<u>1,659,930</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 1,655,912</u>	<u>\$ 8,701</u>	<u>\$ 1,664,613</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CENTERTOWN
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
FOR THE YEAR ENDED MAY 31, 2025

	Waterworks Fund	Security Deposit Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received From Customers	\$ 74,592	\$ 800	\$ 75,392
Cash Received From Grants	53,843	-	53,843
Cash Payments to Suppliers and Contractors for Goods and Services	(91,652)	-	(91,652)
Cash Payments Refunded to Customers	-	(126)	(126)
Other Fees and Miscellaneous	(141)	-	(141)
Net Cash Provided by (Used) in Operating Activities	<u>36,642</u>	<u>674</u>	<u>37,316</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Payment on Loan	(11,280)	-	(11,280)
Interest Paid	(1,673)	-	(1,673)
Net Cash Provided by (Used) in Capital and Related Financing Activities	<u>(12,953)</u>	<u>-</u>	<u>(12,953)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest Received	3,133	143	3,276
Net Cash Provided by (Used) in Investing Activities	<u>3,133</u>	<u>143</u>	<u>3,276</u>
Net Increase (Decrease) in Cash and Cash Equivalents	26,822	817	27,639
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents - Beginning of Year	<u>419,027</u>	<u>18,459</u>	<u>437,486</u>
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents - End of Year	<u>\$ 445,849</u>	<u>\$ 19,276</u>	<u>\$ 465,125</u>

	Waterworks Fund	Security Deposit Fund	Total Proprietary Funds
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ 3,080	\$ -	\$ 3,080
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used) in Operating Activities:			
Depreciation	39,027	-	39,027
(Increase) Decrease in Assets:			
Accounts Receivable	(5,324)	-	(5,324)
Prepays- Other	(141)	-	(141)
Increase (Decrease) in Liabilities:			
Security Deposits	-	674	674
Total Adjustments	<u>33,562</u>	<u>674</u>	<u>34,236</u>
Net Cash Provided by (Used) in Operating Activities	<u>\$ 36,642</u>	<u>\$ 674</u>	<u>\$ 37,316</u>

Supplemental Disclosures of Cash Flow Information:

	Waterworks Fund	Security Deposit Fund	Total Proprietary Funds
Cash paid during the year for:			
Interest	\$ 1,673	\$ -	\$ 1,673
Taxes	\$ -	\$ -	\$ -

Disclosure of Accounting Policy:

The Village considers all highly liquid investments, except those held for long-term investment, with original maturities of three months or less from the date of purchase to be cash and cash equivalents.

The accompanying notes are an integral part of these financial statements.

VILLAGE OF CENTERTOWN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Village of Centertown, Missouri (the “Village”), operates under a board of trustee’s form of government and provides the following services: streets, water, public improvements, and general administration. The Board of Trustees is elected by the public and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters.

Financial Reporting Entity

The Village’s financial reporting entity is comprised of the following:

Primary Government:	Village of Centertown
---------------------	-----------------------

Basis of Presentation

Government-Wide and Fund Financial Statements

Government-Wide Statements

The government-wide financial statements (i.e., the Statement of Net Position and Statement of Activities) report information on all of the non-fiduciary activities of the primary government. 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 is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

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

VILLAGE OF CENTERTOWN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, deferred outflows, liabilities, deferred inflows, net position or fund balance, revenues, and expenditures or expenses. The Village's funds are organized into two major categories: governmental and proprietary. The Village currently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Village or meets the following criteria:

- a. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type.
- b. Total assets, deferred outflows, liabilities, deferred inflows, revenues, or expenditures or expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the Village and is always classified as a major fund. It is used to account for all financial resources not accounted for and reported in another fund.

Investment Fund

Accounts for revenues received and expenditures paid at the direction of the Board of Trustees for the betterment of the Village.

Other Governmental Funds

Accounts for revenues and expenditures related to the County Aid Road Trust (CART) program.

VILLAGE OF CENTERTOWN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation (Continued)

Government-Wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

Proprietary Fund

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund:

<u>Fund</u>	<u>Brief Description</u>
Waterworks	Accounts for the activities of the public trust in providing water services to the public
Security Deposit	Accounts for the Village’s citizens security deposits for water services

Measurement Focus

The government-wide financial statements are reported using the current financial resources measurement focus and the modified cash basis of accounting (governmental funds), and the economic resources measurement focus and the accrual basis of accounting (proprietary fund).

All Governmental Funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

In the Proprietary Funds, 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.

VILLAGE OF CENTERTOWN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting

Governmental Funds

The governmental financial statements are presented in accordance with a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (“U.S. GAAP”), as established by the Governmental Accounting Standards Board (“GASB”). This basis of accounting involves modifications to the cash basis of accounting to report in the Statement of Net Position or Balance Sheet’s cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

The modified cash basis of accounting differs from U.S. GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities do not involve adjustment to fair value.

If the Village utilized accounting principles generally accepted in the United States of America, the fund financial statements for governmental funds would use the modified accrual basis of accounting.

Proprietary Funds

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. 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of the government’s proprietary fund is charges to customers for sales and services. Operating expenses for the proprietary fund 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 non-operating revenues and expenses. The proprietary fund is presented on the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when incurred.

VILLAGE OF CENTERTOWN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Position

Cash and Cash Equivalents

For the purpose of financial reporting, cash and cash equivalents includes all demand and savings accounts, certificates of deposit, and short-term investments with an original maturity of three months or less from the date of acquisition.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” or “advances to/from other funds.” 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.” As of the year ended, there were not interfund balances due.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the business-type activities column in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of more than \$1,000 and has an estimated useful life of more than one year. The government reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements, regardless of their amount.

Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair market value as of the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. All capital assets are depreciated using the straight-line method and have the following useful lives:

Computers and related equipment:	5 years
Office furniture:	10 years
Building and building improvements:	40 years
Infrastructure:	30 years
Water System:	40 years

VILLAGE OF CENTERTOWN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Right of Use Assets

Right of Use Assets (leases), including Subscription Based Technology Arrangements (SBITA's), are amortized over the shorter of the useful life of the asset or the term of the arrangement.

As of the year ended, the Village had no leases or SBITA's that contained a Right of Use Asset.

Net Position/Fund Balance Classifications

Government-Wide Financial Statements:

Net position is classified and displayed in three components:

Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.

Restricted – This component of net position consists of constraints imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets.

It is the Village's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

Fund Financial Statements:

Governmental Funds

The difference among assets, deferred outflows, liabilities, and deferred inflows of governmental funds is reported as fund balance and classified as nonspendable, restricted, committed, assigned, and unassigned based on the respective level of constraint. These constraints are defined as follows:

- **Nonspendable:** Amounts that cannot be spent because they either are not in spendable form or are legally or contractually required to be maintained intact.

VILLAGE OF CENTERTOWN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Net Position/Fund Balance Classifications (Continue)

Fund Financial Statements: (Continued)

Governmental Funds (Continued)

- **Restricted:** Amounts constrained regarding use from restrictions externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or by restrictions imposed by law through constitutional provisions or enabling legislations.
- **Committed:** Amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the Village's highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the fund takes the same highest level of action to remove or change the constraint.
- **Assigned:** Amounts constrained by the Village's intent to be used for specific purposes but that are neither restricted nor committed. Intent can be expressed by the Village's Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Adoption of a budget where fund balance is used as a source to balance the budget will require the Chairman to record the needed amount as Assigned fund balance.
- **Unassigned:** The residual classification of the General Fund for spendable amounts that have not been restricted, committed, or assigned to specific purposes.

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a motion or a 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 Trustees through adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt services, or for other purposes).

The Village does not have a minimum fund balance policy set for the General Fund, which would maintain an unassigned fund balance to be used for unanticipated emergencies.

VILLAGE OF CENTERTOWN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Net Position/Fund Balance Classifications (Continue)

Fund Financial Statements: (Continued)

Governmental Funds (Continued)

Order of Spending

For all funds, when both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When committed, assigned, and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last.

Proprietary Funds

The difference among assets, deferred outflows, liabilities, and deferred inflows of proprietary funds is reported as net position and classified in the same manner as the government-wide financial statements, as previously described.

Revenues, Expenditures, and Expenses

Program Revenues

In the Statement of Activities, revenues that are derived directly from an activity or from parties outside the Village's taxpayers are reported as program revenues. The Village has the following program revenues:

Waterworks – Fees paid by customers for water service

All other governmental revenues are reported as general revenues. All taxes are classified as general revenue, even if restricted for a specific purpose.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. They also include all revenues and expenses not related to capital and related financing, non-capital financing, or investing activities. All other revenues are considered non-operating revenues.

VILLAGE OF CENTERTOWN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Net Position and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements:

Interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements:

- Interfund loans: Amounts provided with a requirement for repayment are reported as interfund receivables and payables.
- Interfund services: Sales or purchases of goods and services between funds are reported as revenues and expenditures or expenses.
- Interfund reimbursements: Repayments from funds responsible for certain expenditures or expenses to the funds that initially paid for them are not reported as reimbursements, but as adjustments to expenditures or expenses in the respective funds.
- Interfund transfers: Flow of assets from one fund to another when payment is not expected are reported as transfers in and out.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America and the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

VILLAGE OF CENTERTOWN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2025

NOTE 2 – CASH AND CASH EQUIVALENTS:

Custodial Credit Risk-Deposits – Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. As of the year ended, the carrying amount of the Village’s deposits was \$857,981 and the bank balance was \$866,175. Of the bank balances, \$250,000 was covered by federal depository insurance corporation (“FDIC”) and the remaining balance was covered by collateral held at the Village's safekeeping bank agent, in the Village’s name.

Investment Interest Rate Risk – The Village has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk – The Village has no investment policy that limits its investment choices other than the limitations of state law.

Concentration of Investment Credit Risk – The Village places no limit on the amount it may invest in any one issuer. As of the year ended, the Village had no concentration of credit risk.

NOTE 3 – DETAILED NOTES – TRANSACTION CLASSES/ACCOUNTS:

Restricted Assets

Proprietary Funds:

The amounts reported as restricted assets on the Statement of Net Position are composed of amounts held for Depreciation and Replacement of \$271,862, because their use is limited by applicable bond covenants.

VILLAGE OF CENTERTOWN
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MAY 31, 2025

NOTE 4 – CAPITAL ASSETS:

Capital asset activity for the year ended was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets not being depreciated:				
Land	\$ 18,852	\$ -	\$ -	\$ 18,852
Total Capital Assets not being depreciated	<u>18,852</u>	<u>-</u>	<u>-</u>	<u>18,852</u>
Capital Assets being depreciated:				
Water System	1,517,079	-	-	1,517,079
Equipment	5,382	-	-	5,382
Accumulated Depreciation	<u>(91,403)</u>	<u>(39,027)</u>	<u>-</u>	<u>(130,430)</u>
Total Capital Assets being depreciated, Net	<u>1,431,058</u>	<u>(39,027)</u>	<u>-</u>	<u>1,392,031</u>
Total Business-Type Activities	<u>\$ 1,449,910</u>	<u>\$ (39,027)</u>	<u>\$ -</u>	<u>\$ 1,410,833</u>

The Village had \$39,027, in depreciation expense for the year ended.

NOTE 5 – DNR SRF LOAN:

On February 1, 2021, the Village entered into a purchase agreement with the Missouri Department of Natural Resources (“DNR”), in which DNR agreed to provide a State Revolving Fund (“SRF”) federal loan to the Village to aid in funding the water tower and distribution system project. The loan is funded by issuing Waterworks System Revenue Bonds Series 2021. The agreement states that the Village may draw up to \$245,000 from these bonds to fund the project. Principal and interest payments began on July 1, 2022. Interest began accruing as of March 15, 2021, at 0.84%. Per the bond ordinance, the lender may demand payment at anytime for the remaining balance of the bond. Thus, the entire outstanding balance is classified as a current liability on the Statement of Net Position.

The activity on the SRF loan are as follows:

Beginning Balance	\$ 217,613
Add: Draws	-
Less: Payments	<u>(11,280)</u>
Ending Balance	<u>\$ 206,333</u>

VILLAGE OF CENTERTOWN
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MAY 31, 2025

NOTE 5 – DNR SRF LOAN: (Continued)

The annual requirements for bonds payable outstanding as of the year ended is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 11,500	\$ 1,759	\$ 13,259
2027	11,700	1,662	13,362
2028	11,800	1,563	13,363
2029	12,000	1,464	13,464
2030	12,200	1,363	13,562
2031-2035	63,200	5,249	68,449
2036-2040	67,700	2,510	70,210
2041-2042	16,233	191	16,424
Total	<u>\$ 206,333</u>	<u>\$ 15,761</u>	<u>\$ 222,094</u>

Interest expense on the loan as of the year ended totaled \$1,673.

NOTE 6 – PROPERTY TAXES:

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and become payable by December 31. All unpaid taxes levied November 1 become delinquent on January 1 of the following year. The assessed valuation and tax levy for the Village was as follows for the year ended:

Assessed valuation	<u>Cole County</u> \$ 4,973,638
Tax Levy per \$100 Assessed Valuation	0.7258

The receipts of current and delinquent property taxes during the year aggregated approximately 108% of the current assessment computed on the basis of the levy as shown above. The excess collections are mainly due to the timing of payments and delinquent payments received.

NOTE 7 – FRANCHISE REVENUE:

The Village receives franchise tax revenue for telephone and electricity services within the boundaries of the Village. These amounts are collected by the companies providing these services and remitted to the Village.

VILLAGE OF CENTERTOWN
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MAY 31, 2025

NOTE 8 – RISK MANAGEMENT:

The Village is exposed to various risks related to theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Village carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage.

NOTE 9 – RESTATEMENT OF BEGINNING NET POSITION DUE TO AN ERROR:

During the year ended, it was found the Village had been recognizing security deposits received as revenue, rather than as a liability. Since water security deposits paid may be refunded to the tenant, the Village should recognize these deposits as a liability until the deposit is either refunded to the tenant or deemed to be collected against a water bill. The deposits held as of the beginning of the year totaled \$9,901.

The following tables describe the net impact of this error on the Business-Type Activities and the Security Deposit Fund Net Position:

<u>As of May 31, 2024</u>	<u>Government- Wide</u>		
	<u>Business- Type Activities</u>		
	<u>Previously Reported</u>	<u>Adjustment</u>	<u>Restated</u>
Beginning Net Position	\$ 1,636,919	\$ (9,312)	\$ 1,627,607
Revenues	130,611	(900)	129,711
Expenses	(97,699)	311	(97,388)
Ending Net Position	<u>\$ 1,669,831</u>	<u>\$ (9,901)</u>	<u>\$ 1,659,930</u>
Current Liabilities:			
Security Deposits	\$ -	\$ 9,901	\$ 9,901

The described error resulted in a net decrease of \$9,901 in the Business-Type Activities beginning net position, as of the year ended.

VILLAGE OF CENTERTOWN
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MAY 31, 2025

NOTE 9 – RESTATEMENT OF BEGINNING NET POSITION DUE TO AN ERROR:
 (Continued)

<u>As of May 31, 2024</u>	<u>Proprietary Fund</u>		
	<u>Security Deposit Fund</u>		
	<u>Previously Reported</u>	<u>Adjustment</u>	<u>Restated</u>
Beginning Net Position	\$ 17,732	\$ (9,312)	\$ 8,420
Revenues	1,038	(900)	138
Expenses	(311)	311	-
Ending Net Position	<u>\$ 18,459</u>	<u>\$ (9,901)</u>	<u>\$ 8,558</u>
Current Liabilities:			
Security Deposits	\$ -	\$ 9,901	\$ 9,901

The described error resulted in a net decrease of \$9,901, in the Security Deposit Fund beginning net position, as of the year ended.

NOTE 10 – SUBSEQUENT EVENTS:

The Village has evaluated subsequent events through November 24, 2025, the date which the financial statements were available to be issued.

OTHER INFORMATION

VILLAGE OF CENTERTOWN
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 FOR THE YEAR ENDED MAY 31, 2025

	Original Budget	Final Budget	Original to Final Variance	Actual	Final to Actual Variance
REVENUES					
Property Taxes	\$ 39,000	\$ 39,000	\$ -	\$ 38,881	\$ (119)
Franchise Taxes	12,000	12,000	-	13,484	1,484
Sales Taxes	23,000	23,000	-	22,419	(581)
Grants	-	-	-	3,202	3,202
Telecommunications Tax Payments	2,300	1,800	(500)	2,101	301
Interest Income	600	600	-	702	102
Miscellaneous	100	100	-	241	141
Total Revenues	<u>77,000</u>	<u>76,500</u>	<u>(500)</u>	<u>81,030</u>	<u>4,530</u>
EXPENDITURES					
Accounting and Legal	17,000	19,000	2,000	17,236	1,764
Advertising and Promotion	500	1,000	500	686	314
Continuing Education/Convention	100	-	(100)	-	-
Contributions	500	500	-	500	-
Dues and Subscriptions	600	600	-	475	125
Election	550	550	-	-	550
Contracted Labor	22,000	32,000	10,000	-	32,000
Insurance	11,600	9,000	(2,600)	10,517	(1,517)
Office Expense	2,800	3,600	800	2,191	1,409
Payroll Expense	14,220	5,820	(8,400)	35,692	(29,872)
Payroll Taxes	1,200	400	(800)	240	160
Maintenance and Repairs	6,500	7,000	500	58,776	(51,776)
Rent Expense	1,400	1,400	-	1,232	168
Surplus Fund	30	30	-	-	30
Special Projects	-	-	-	1,345	(1,345)
Utilities	2,000	2,000	-	2,663	(663)
Total Expenditures	<u>81,000</u>	<u>82,900</u>	<u>1,900</u>	<u>131,553</u>	<u>(48,653)</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(4,000)	(6,400)	1,400	(50,523)	(44,123)
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	4,000	8,100	4,100	-	(8,100)
Total Other Financing Sources (Uses)	<u>4,000</u>	<u>8,100</u>	<u>4,100</u>	<u>-</u>	<u>(8,100)</u>
NET CHANGE IN FUND BALANCE	-	1,700	5,500	(50,523)	(52,223)
FUND BALANCE, BEGINNING OF YEAR	<u>107,616</u>	<u>107,616</u>	<u>-</u>	<u>107,616</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 107,616</u>	<u>\$ 109,316</u>	<u>\$ 5,500</u>	<u>\$ 57,093</u>	<u>\$ (52,223)</u>

VILLAGE OF CENTERTOWN
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED MAY 31, 2025

Budget Policy

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

1. In accordance with Section 67, RSMo, the Village adopts a budget for each fund of the political subdivision.
2. Prior to June, the budget officer submits to the Board of Trustees a proposed budget for the fiscal year beginning on the following June 1. The proposed budget includes estimated revenues and proposed expenditures for all Village funds. Budgeted expenditures cannot exceed beginning available monies plus estimated revenues for the year.
3. A public hearing is conducted to obtain taxpayer comments. Prior to its approval by the Board of Trustees, the budget document is available for public inspection.
4. Prior to June 1, the budget is legally enacted by a vote of the Board of Trustees.
5. Subsequent to its formal approval of the budget, the Board of Trustees has the authority to make necessary adjustments to the budget by formal vote of the Board of Trustees. Adjustments made during the year are reflected in the budget information included in the financial statements.
6. Budgeted amounts are as originally adopted or as amended by the Board of Trustees.
7. Budgets for Village funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid. Budgets lapse at year end.

COMMUNICATION OF AUDIT RESULTS
VILLAGE OF CENTERTOWN

May 31, 2025



3702 West Truman Blvd, Suite 213
Jefferson City, MO 65109

Phone: (573) 893-7700 Fax: (573) 893-6649

Web: gravescpas.com

November 24, 2025

To the Board of Trustees of the
Village of Centertown
Centertown, Missouri:

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund, of the Village of Centertown (the "Village") for the year ended May 31, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 3, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Village are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Village during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Village's financial statements was:

Management's estimate of the amount of revenues in the budgeting process is based on prior year actual amounts and the current year assessed valuation and levy. We evaluated the methods, assumptions, and data used to develop the revenue budget amount in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the useful lives of property, building, and equipment. These estimates are based on prior experience with assets of similar type. We evaluated the methods, assumptions, and data used to develop the useful lives of property, building, and equipment in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of FDIC and pledged collateral in Note 2 to the financial statements. Missouri state statutes require this to be done and the disclosure of the restatement of beginning Net Position and Fund Balance in Note 9.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

	Impact of Net Position
To Record Water Sales Receivable	\$ 5,206
To Expense Improperly Capitalized Fees	(6,250)
Total Increase in Net Position	<u>\$ (1,044)</u>

Additionally, as described in Note 9, during the audit an error was noted that resulted in a decrease of \$9,901 in beginning net position.

Below summarizes the uncorrected misstatement of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatement or the matters underlying it could potentially cause future period financial statements to be materially misstated, even though, in our judgement, such uncorrected misstatement is immaterial to the financial statements under audit.

	Impact on Net Position
Pass on Recording Prepaid Expense	\$ 1,667
Pass on Recording Improperly Excluded Expense	(3,995)
Total Net Impact	<u>\$ (2,328)</u>

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the Management Representation Letter dated November 24, 2025.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We were not engaged to report on the budgetary comparison information, which accompany the financial statements but is not Required Supplementary Information. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of the Board of Trustees, and management of the Village and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Graves and Associates,
CPAs, LLC*

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

MANAGEMENT LETTER

VILLAGE OF CENTERTOWN

May 31, 2025



3702 West Truman Blvd, Suite 213
Jefferson City, MO 65109

Phone: (573) 893-7700 Fax: (573) 893-6649
Web: gravescpas.com

To the Board of Trustees and Management of the
Village of Centertown
Centertown, Missouri:

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Centertown (the “Village”) as of and for the year ended May 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Village’s system of internal control over financial reporting (“internal control”) as a basis for designing 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 Village’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Village’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 discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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 did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiency in internal control to be a significant deficiency:

SIGNIFICANT DEFICIENCY

Segregation of Duties

As in many smaller to medium-sized organizations, it is difficult to obtain proper segregation of duties due to the limited number of employees. Duties should be segregated so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. The Village has mitigating controls in place, but it is not possible to have segregation in all areas. Due to the limited number of employees, the Village might not prevent, or detect and correct, misstatements on a timely basis in the normal performance of duties. We recognize that because of limited resources and personnel, management may not be able to achieve a proper segregation of duties. However, professional standards require that we bring this lack of segregation of duties to your attention. We recommend management continue to review these processes accordingly to optimize the functionality of internal controls.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with Village personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendations.

We wish to thank management and staff for their support and assistance during our audit.

This communication is intended solely for the information and use of the Board of Trustees, management, and others within the Village, and is not intended to be, and should not be, used by anyone other than these specified parties.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

November 24, 2025