

# VILLAGE OF CENTERTOWN

Centertown, Missouri

INDEPENDENT AUDITOR'S REPORT

For the Year Ended May 31, 2024

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## 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, 2024, 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, 2024, 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, 2024, 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 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

December 3, 2024

## 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, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 434,427	\$ 174,423	\$ 608,850
Cash and Cash Equivalents- Restricted	-	263,063	263,063
Prepays- Other	-	137	137
Total Current Assets	434,427	437,623	872,050
Non-Current Assets:			
Land, Buildings, and Equipment- Net of Accumulated Depreciation	-	1,449,910	1,449,910
Total Non-Current Assets	-	1,449,910	1,449,910
Total Assets	434,427	1,887,533	2,321,960
<b>LIABILITIES</b>			
Current Liabilities:			
Federal Withholding and FICA Payable	433	39	472
Missouri Withholding Payable	171	50	221
DNR SRF Loan	-	217,613	217,613
Total Liabilities	604	217,702	218,306
Total Liabilities	604	217,702	218,306
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	1,232,297	1,232,297
Restricted	-	263,063	263,063
Unrestricted	433,824	174,471	608,295
Total Net Position	\$ 433,824	\$ 1,669,831	\$ 2,103,655

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



VILLAGE OF CENTERTOWN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2024

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	\$ (76,710)	\$ -	\$ -	\$ -	\$ (76,710)	\$ -	\$ (76,710)
CART Program	(6,890)	-	-	-	(6,890)	-	(6,890)
Total Governmental Activities	(83,600)	-	-	-	(83,600)	-	(83,600)
Business-Type Activities:							
Waterworks	(97,388)	67,100	-	55,503	-	25,215	25,215
Security Deposits	(311)	-	-	-	-	(311)	(311)
Total Business-Type Activities	(97,699)	67,100	-	55,503	-	24,904	24,904
Total Primary Government	<u>\$ (181,299)</u>	<u>\$ 67,100</u>	<u>\$ -</u>	<u>\$ 55,503</u>	<u>(83,600)</u>	<u>24,904</u>	<u>(58,696)</u>
General Revenues:							
Taxes:							
Property Taxes					37,980	-	37,980
Franchise Taxes					12,806	-	12,806
Motor Fuel Taxes					14,650	-	14,650
Sales Tax					23,558	-	23,558
Telecommunications Tax Payments					2,295	-	2,295
Road and Bridge Fund					3,183	-	3,183
Security Deposits					-	900	900
Collection Fees					-	885	885
Interest Income					1,423	3,431	4,854
Proceeds on Sale of Assets					9,600	-	9,600
Miscellaneous					175	-	175
Transfers In (Out)					(2,792)	2,792	-
Total General Revenues					<u>102,878</u>	<u>8,008</u>	<u>110,886</u>
Change in Net Position					19,278	32,912	52,190
Net Position, Beginning of Year					<u>414,546</u>	<u>1,636,919</u>	<u>2,051,465</u>
Net Position, End of Year					<u>\$ 433,824</u>	<u>\$ 1,669,831</u>	<u>\$ 2,103,655</u>

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

VILLAGE OF CENTERTOWN

BALANCE SHEET – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS  
MAY 31, 2024

	General Fund	Investment Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 108,220	\$ 293,788	\$ 32,419	\$ 434,427
<b>TOTAL ASSETS</b>	<u>\$ 108,220</u>	<u>\$ 293,788</u>	<u>\$ 32,419</u>	<u>\$ 434,427</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Current Liabilities:				
Federal Withholding and FICA Payable	\$ 433	\$ -	\$ -	\$ 433
Missouri Withholding Payable	171	-	-	171
<b>TOTAL LIABILITIES</b>	<u>604</u>	<u>-</u>	<u>-</u>	<u>604</u>
Fund Balances:				
Unassigned	107,616	293,788	32,420	433,824
<b>TOTAL FUND BALANCES</b>	<u>107,616</u>	<u>293,788</u>	<u>32,420</u>	<u>433,824</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 108,220</u>	<u>\$ 293,788</u>	<u>\$ 32,420</u>	<u>\$ 434,428</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, 2024

	General Fund	Investment Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 37,980	\$ -	\$ -	\$ 37,980
Franchise Taxes	12,806	-	-	12,806
Motor Fuel Taxes	-	-	14,650	14,650
Sales Taxes	23,558	-	-	23,558
Telecommunications Tax Payments	2,295	-	-	2,295
Road and Bridge Fund	-	-	3,183	3,183
Interest Income	829	403	191	1,423
Miscellaneous	175	-	-	175
Total Revenues	77,643	403	18,024	96,070
EXPENDITURES				
Accounting and Legal	15,757	-	-	15,757
Advertising and Promotion	633	-	-	633
Cleaning	180	-	-	180
Continuing Education/Convention	20	-	-	20
Contributions	500	-	-	500
Dues and Subscriptions	563	-	-	563
Election	369	-	-	369
Insurance	11,035	-	-	11,035
Office Expense	2,191	-	-	2,191
Payroll Expense	29,674	-	-	29,674
Payroll Taxes	856	-	-	856
Maintenance and Repairs	9,420	-	-	9,420
Miscellaneous	579	-	-	579
Rent Expense	1,408	-	-	1,408
Surplus Fund	1,605	-	-	1,605
Utilities	1,920	-	6,890	8,810
Total Expenditures	76,710	-	6,890	83,600
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	933	403	11,134	12,469
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	10,708	(13,500)	-	(2,792)
Proceeds on Sale of Equipment	9,600	-	-	9,600
Total Other Financing Sources (Uses)	20,308	(13,500)	-	6,808
NET CHANGE IN FUND BALANCES	21,241	(13,097)	11,134	19,277
FUND BALANCES, BEGINNING OF YEAR	86,375	306,885	21,286	414,546
FUND BALANCES, END OF YEAR	\$ 107,616	\$ 293,788	\$ 32,420	\$ 433,823

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

VILLAGE OF CENTERTOWN

STATEMENT OF FUND NET POSITION –  
PROPRIETARY FUNDS  
MAY 31, 2024

	Waterworks Fund	Security Deposit Fund	Total Proprietary Funds
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 155,964	\$ 18,459	\$ 174,423
Cash and Cash Equivalents- Restricted	263,063	-	263,063
Prepays- Other	137	-	137
Total Current Assets	419,164	18,459	437,623
Non-Current Assets:			
Land, Buildings, Equipment- Net of Accumulated Depreciation	1,449,910	-	1,449,910
Total Non-Current Assets	1,449,910	-	1,449,910
Total Assets	1,869,074	18,459	1,887,533
<b>LIABILITIES</b>			
Current Liabilities:			
Federal Withholding and FICA Payable	39	-	39
Missouri Withholding Payable	50	-	50
DNR SRF Loan	217,613	-	217,613
Total Current Liabilities	217,702	-	217,702
Total Liabilities	217,702	-	217,702
<b>NET POSITION</b>			
Net Investment in Capital Assets	1,232,297	-	1,232,297
Restricted	263,063	-	263,063
Unrestricted	156,012	18,459	174,471
Total Net Position	\$ 1,651,372	\$ 18,459	\$ 1,669,831

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, 2024

	Waterworks Fund	Security Deposit Fund	Total Proprietary Funds
OPERATING REVENUES			
Charges for Services:			
Water Sales	\$ 67,100	\$ -	\$ 67,100
Collection Fees	885	-	885
Security Deposits	-	900	900
Grant Income	55,503	-	55,503
Total Operating Revenues	123,488	900	124,388
OPERATING EXPENSES			
Contracted Labor	1,400	-	1,400
Dues and Subscriptions	445	-	445
Maintenance and Repairs	11,125	-	11,125
Office Expense	3,048	-	3,048
Payroll Expense	16,853	-	16,853
Payroll Taxes	214	-	214
Reserve Fund	3,300	-	3,300
Surplus Fund	4,509	-	4,509
Utilities	1,941	-	1,941
Security Deposits	-	311	311
Grant Admin Fees	2,200	-	2,200
Water Tower - Engineering	12,098	-	12,098
Depreciation	38,540	-	38,540
Total Operating Expenses	95,674	311	95,985
Operating Revenue (Expenses)	27,814	589	28,403
NON-OPERATING REVENUES (EXPENSES)			
Interest Expense	(1,714)	-	(1,714)
Interest Income	3,293	138	3,431
Total Non-Operating Revenues (Expenses)	1,579	138	1,717
Net Revenues (Expenses) Before Transfers	29,393	727	30,120
Transfers In (Out)	2,792	-	2,792
Change in Net Position	32,185	727	32,912
TOTAL NET POSITION, BEGINNING OF YEAR	1,619,187	17,732	1,636,919
TOTAL NET POSITION, END OF YEAR	\$ 1,651,372	\$ 18,459	\$ 1,669,831

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, 2024

	Waterworks Fund	Security Deposit Fund	Total Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received From Customers	\$ 67,984	\$ 900	\$ 68,884
Cash Received From Grants	60,847	-	60,847
Cash Payments to Suppliers and Contractors for Goods and Services	(85,426)	(311)	(85,737)
Cash Payments to Employees	(18,617)	-	(18,617)
Other Fees and Miscellaneous	(58)	-	(58)
Net Cash Provided by (Used) in Operating Activities	<u>24,730</u>	<u>589</u>	<u>25,319</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Operating Transfers from Other Fund	<u>2,792</u>	<u>-</u>	<u>2,792</u>
Net Cash Provided by (Used) in Non-Capital Financing Activities	<u>2,792</u>	<u>-</u>	<u>2,792</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of Capital Assets	(20,278)	-	(20,278)
DNR SRF Loan Proceeds	14,535	-	14,535
Principal Payment on Loan	(11,250)	-	(11,250)
Interest Paid	(1,714)	-	(1,714)
Net Cash Provided by (Used) in Capital and Related Financing Activities	<u>(18,707)</u>	<u>-</u>	<u>(18,707)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest Received	<u>3,293</u>	<u>138</u>	<u>3,431</u>
Net Cash Provided by (Used) in Investing Activities	<u>3,293</u>	<u>138</u>	<u>3,431</u>
Net Increase (Decrease) in Cash and Cash Equivalents	12,108	727	12,835
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents - Beginning of Year	<u>406,919</u>	<u>17,732</u>	<u>424,651</u>
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents - End of Year	<u><u>\$ 419,027</u></u>	<u><u>\$ 18,459</u></u>	<u><u>\$ 437,486</u></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, 2024

	(Continued)		
	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)	\$ 27,814	\$ 589	\$ 28,403
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used) in Operating Activities:			
Depreciation	38,540	-	38,540
(Increase) Decrease in Assets:			
Grants Receivable	5,344	-	5,344
Prepays- Other	(59)	-	(59)
Increase (Decrease) in Liabilities:			
Accounts Payable	(45,145)	-	(45,145)
Federal Withholding and FICA Payable	(753)	-	(753)
Missouri Withholding Payable	(1,011)	-	(1,011)
Total Adjustments	(3,084)	-	(3,084)
Net Cash Provided by (Used) in Operating Activities	\$ 24,730	\$ 589	\$ 25,319
<u>Supplemental Disclosures of Cash Flow Information:</u>			
Cash paid during the year for:			
Interest	\$ 1,714	\$ -	\$ 1,714
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, 2024

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
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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, 2024

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, 2024

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, 2024

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, 2024

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.”

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

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.

VILLAGE OF CENTERTOWN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2024

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

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.
- **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.

VILLAGE OF CENTERTOWN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2024

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

Net Position/Fund Balance Classifications (Continued)

*Fund Financial Statements: (Continued)*

*Governmental Funds (Continued)*

- 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.

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.

VILLAGE OF CENTERTOWN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2024

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

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.

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.

VILLAGE OF CENTERTOWN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2024

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

Internal and Interfund Balances and Activities (Continued)

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.

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 \$871,914 and the bank balance was \$892,700. 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.

For purposes of the cash flow statement, cash is defined as all demand and time deposits having a maturity of less than ninety days from the date of purchase.



VILLAGE OF CENTERTOWN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2024

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 \$263,063, because their use is limited by applicable bond covenants.

NOTE 4 – CAPITAL ASSETS:

Capital asset activity for the year ended was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Business-Type Activities:				
Capital Assets not being depreciated:				
Land	\$ 18,852	\$ -	\$ -	\$ 18,852
Total Capital Assets not being depreciated	18,852	-	-	18,852
Capital Assets being depreciated:				
Water System	1,499,688	17,391	-	1,517,079
Equipment	2,495	2,887	-	5,382
Accumulated Depreciation	(52,863)	(38,540)	-	(91,403)
Total Capital Assets being depreciated, Net	1,449,320	(18,262)	-	1,431,058
Total Business-Type Activities	\$1,468,172	\$ (18,262)	\$ -	\$ 1,449,910

The Village had \$38,540, 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.

VILLAGE OF CENTERTOWN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2024

NOTE 5 – DNR SRF LOAN: (Continued)

The activity on the SRF loan are as follows:

Beginning Balance	\$ 214,328
Add: Draws	14,535
Less: Payments	<u>(11,250)</u>
Ending Balance	<u>\$ 217,613</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 11,400	\$ 1,549	\$ 12,949
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
2030-2034	62,400	5,775	68,175
2035-2039	66,800	3,073	69,873
2040-2042	30,013	465	30,478
Total	<u>\$ 217,613</u>	<u>\$ 17,310</u>	<u>\$ 234,923</u>

Interest expense on the loan as of the year ended totaled \$1,714.

NOTE 6 – INTERFUND TRANSFERS:

Interfund transfers as of the year ended consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Net Transfers</u>
<u>Governmental Activities:</u>			
General Fund	\$ 13,500	\$ 2,792	\$ 10,708
Investment Fund	-	13,500	(13,500)
Total Governmental Activities	<u>\$ 13,500</u>	<u>\$ 16,292</u>	<u>\$ (2,792)</u>
<u>Business-Type Activities:</u>			
Water Fund	\$ 2,792	-	\$ 2,792
Total Business-Type Activities	<u>\$ 2,792</u>	<u>-</u>	<u>\$ 2,792</u>

VILLAGE OF CENTERTOWN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2024

NOTE 6 – INTERFUND TRANSFERS: (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, or (3) recognizing on-behalf payments related to payroll liabilities.

NOTE 7 – 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:

	<u>Cole County</u>
Assessed valuation	\$ 4,860,336
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.

NOTE 8 – 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.

NOTE 9 – 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 10 – SUBSEQUENT EVENTS:

The Village has evaluated subsequent events through December 3, 2024, 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, 2024

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property Taxes	\$ 35,000	\$ 35,000	\$ 37,980	\$ 2,980
Franchise Taxes	12,000	12,000	12,806	806
Sales Taxes	20,000	20,000	23,558	3,558
Telecommunications Tax Payments	3,000	2,500	2,295	(205)
Interest Income	450	450	829	379
Miscellaneous	-	-	175	175
Total Revenues	70,450	69,950	77,643	7,693
EXPENDITURES				
Accounting and Legal	21,000	21,000	15,757	5,243
Advertising and Promotion	1,000	500	633	(133)
Cleaning	720	180	180	-
Continuing Education/Convention	500	100	20	80
Contributions	500	500	500	-
Dues and Subscriptions	600	675	563	112
Election	225	225	369	(144)
Fuel Expense	100	-	-	-
Insurance	13,200	11,200	11,035	165
Office Expense	4,050	3,750	2,191	1,559
Payroll Expense	25,000	33,500	29,674	3,826
Payroll Taxes	1,400	1,400	856	544
Maintenance and Repairs	7,000	7,000	9,420	(2,420)
Miscellaneous	-	-	579	(579)
Municipal Improvements	13,500	13,500	-	13,500
Rent Expense	1,400	1,400	1,408	(8)
Surplus Fund	-	3,825	1,605	2,220
Utilities	2,000	2,000	1,920	80
Total Expenditures	92,195	100,755	76,710	24,045
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(21,745)	(30,805)	933	31,738
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	21,745	21,745	10,708	(11,037)
Proceeds on Sale of Equipment	-	9,600	9,600	-
Total Other Financing Sources (Uses)	21,745	31,345	20,308	(11,037)
NET CHANGE IN FUND BALANCE	-	540	21,241	20,701
FUND BALANCE, BEGINNING OF YEAR	86,375	86,375	86,375	-
FUND BALANCE, END OF YEAR	\$ 86,375	\$ 86,915	\$ 107,616	\$ 20,701

VILLAGE OF CENTERTOWN  
NOTES TO THE BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED MAY 31, 2024

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.