

# VILLAGE OF CENTERTOWN

Centertown, Missouri

INDEPENDENT AUDITOR'S REPORT

For the Year Ended May 31, 2020

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## 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 Fund
  - Proprietary (Enterprise) Fund

In addition, the notes to the financial statements are included to provide information that is essential to a user's understanding of the basic financial statements.



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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities – modified cash basis, the business-type activities, and each major governmental fund, of the Village of Centertown, Missouri (the “Village”), as of and for the year ended May 31, 2020, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements, as listed in the table of contents.

### *Management’s Responsibility for the Financial Statements*

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

### *Auditor’s Responsibility*

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

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

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

*Opinions*

In our opinion, the modified cash basis 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 District, as of May 31, 2020, 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, 2020, 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 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.

*Disclaimer of Opinion on Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The Budgetary Comparison Schedule section is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Graves and Associates,  
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC  
Jefferson City, Missouri

February 19, 2021

VILLAGE OF CENTERTOWN  
STATEMENT OF NET POSITION  
MAY 31, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 574,898	\$ 108,145	\$ 683,043
Due from Other Fund	138,879	-	138,879
Total Current Assets	<u>713,777</u>	<u>108,145</u>	<u>821,922</u>
Non-Current Assets:			
Land	-	18,852	18,852
Construction in Progress	-	156,439	156,439
Total Non-Current Assets	<u>-</u>	<u>175,291</u>	<u>175,291</u>
Total Assets	<u>\$ 713,777</u>	<u>\$ 283,436</u>	<u>\$ 997,213</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Federal Withholding and FICA Payable	\$ 213	\$ -	\$ 213
Missouri Withholding Payable	37	-	37
Due to Other Fund	-	138,879	138,879
Total Liabilities	<u>250</u>	<u>138,879</u>	<u>139,129</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	-	175,291	175,291
Unrestricted	713,527	(30,734)	682,793
Total Net Position	<u>\$ 713,527</u>	<u>\$ 144,557</u>	<u>\$ 858,084</u>

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

VILLAGE OF CENTERTOWN  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2020

<u>Function/Programs</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenues and Changes in Net Position</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Governmental Activities:					
General Government	\$ 66,032	\$ -	\$ (66,032)	\$ -	\$ (66,032)
CART Program	6,477	-	(6,477)	-	(6,477)
Security Deposits	334	-	(334)	-	(334)
Total Governmental Activities	<u>72,843</u>	<u>-</u>	<u>(72,843)</u>	<u>-</u>	<u>(72,843)</u>
Business-Type Activities:					
Water	<u>36,727</u>	<u>46,218</u>	<u>-</u>	<u>9,491</u>	<u>9,491</u>
Total Business-Type Activities	<u>36,727</u>	<u>46,218</u>	<u>-</u>	<u>9,491</u>	<u>9,491</u>
Total Primary Government	<u>\$ 109,570</u>	<u>\$ 46,218</u>	<u>(72,843)</u>	<u>9,491</u>	<u>(63,352)</u>
General Revenues:					
Taxes:					
Property Taxes			31,956	-	31,956
Franchise Taxes			11,077	-	11,077
Motor Fuel Taxes			11,233	-	11,233
Sales Tax			29,570	-	29,570
Grants			320	-	320
Telecommunications Tax			3,976	-	3,976
Road and Bridge Fund			2,506	-	2,506
Security Deposits			1,148	-	1,148
Collection Fees			-	546	546
Interest Income			5,935	936	6,871
Miscellaneous			701	10	711
Transfers In (Out)			(5,990)	5,990	-
Total General Revenues			<u>92,432</u>	<u>7,482</u>	<u>99,914</u>
Change in Net Position			19,589	16,973	36,562
Net Position, Beginning of Year			<u>693,938</u>	<u>127,584</u>	<u>821,522</u>
Net Position, End of Year			<u>\$ 713,527</u>	<u>\$ 144,557</u>	<u>\$ 858,084</u>

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

VILLAGE OF CENTERTOWN

BALANCE SHEET – MODIFIED CASH BASIS – GOVERNMENTAL FUND  
MAY 31, 2020

	General Fund	Investments Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 95,340	\$ 437,490	\$ 42,068	\$ 574,898
Due from Other Fund	16,165	122,714	-	138,879
<b>TOTAL ASSETS</b>	<b>\$ 111,505</b>	<b>\$ 560,204</b>	<b>\$ 42,068</b>	<b>\$ 713,777</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Current Liabilities:				
Federal Withholding and FICA Payable	\$ 213	\$ -	\$ -	\$ 213
Missouri Withholding Payable	37	-	-	37
<b>TOTAL LIABILITIES</b>	<b>250</b>	<b>-</b>	<b>-</b>	<b>250</b>
Fund Balances:				
Assigned	-	95,880	-	95,880
Unassigned	111,255	464,324	42,068	617,647
<b>TOTAL FUND BALANCES</b>	<b>111,255</b>	<b>560,204</b>	<b>42,068</b>	<b>713,527</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 111,505</b>	<b>\$ 560,204</b>	<b>\$ 42,068</b>	<b>\$ 713,777</b>

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 FUND  
FOR THE YEAR ENDED MAY 31, 2020

	General Fund	Investments Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Property Taxes	\$ 31,956	\$ -	\$ -	\$ 31,956
Franchise Taxes	11,077	-	-	11,077
Motor Fuel Taxes	-	-	11,233	11,233
Sales Taxes	29,570	-	-	29,570
Grants	320	-	-	320
Telecommunications Tax Payments	3,976	-	-	3,976
Road and Bridge Fund	-	-	2,506	2,506
Security Deposits Collected	-	-	1,148	1,148
Interest Income	772	4,843	320	5,935
Miscellaneous	13	688	-	701
Total Revenues	<u>77,684</u>	<u>5,531</u>	<u>15,207</u>	<u>98,422</u>
<b>EXPENDITURES</b>				
Accounting and Legal	7,786	-	-	7,786
Advertising and Promotion	928	-	-	928
Cleaning	720	-	-	720
Continuing Education/Convention	135	-	-	135
Contributions	500	-	-	500
Contracted Labor	3,407	-	-	3,407
Dues and Subscriptions	536	-	-	536
Fuel Expense	535	-	-	535
Furniture and Equipment	5,200	-	-	5,200
Insurance	9,192	-	-	9,192
Office Expense	4,189	-	-	4,189
Payroll Expense	16,938	-	-	16,938
Payroll Taxes	1,296	-	-	1,296
Maintenance and Repairs	4,345	-	-	4,345
Municipal Improvements	5,269	-	-	5,269
Rent Expense	900	-	-	900
Security Deposits Refunded	-	-	334	334
Snow/Salt	1,890	-	-	1,890
Surplus Fund	10	-	-	10
Utilities	2,256	-	6,477	8,733
Total Expenditures	<u>66,032</u>	<u>-</u>	<u>6,811</u>	<u>72,843</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	11,652	5,531	8,396	25,579
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	(2,713)	(3,277)	-	(5,990)
Total Other Financing Sources (Uses)	<u>(2,713)</u>	<u>(3,277)</u>	<u>-</u>	<u>(5,990)</u>
NET CHANGE IN FUND BALANCE	8,939	2,254	8,396	19,589
FUND BALANCE, BEGINNING OF YEAR	<u>102,316</u>	<u>557,950</u>	<u>33,672</u>	<u>693,938</u>
FUND BALANCE, END OF YEAR	<u>\$ 111,255</u>	<u>\$ 560,204</u>	<u>\$ 42,068</u>	<u>\$ 713,527</u>

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

VILLAGE OF CENTERTOWN

STATEMENT OF FUND NET POSITION –  
 PROPRIETARY FUND  
 MAY 31, 2020

	<u>Waterworks Enterprise Fund</u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 108,145
Total Current Assets	<u>108,145</u>
Non-Current Assets:	
Land	18,852
Construction in Progress	156,439
Total Non-Current Assets	<u>175,291</u>
Total Assets	<u>\$ 283,436</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Due to Other Fund	\$ 138,879
Total Current Liabilities	<u>138,879</u>
Total Liabilities	<u>\$ 138,879</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 175,291
Unrestricted	<u>(30,734)</u>
Total Net Position	<u><u>\$ 144,557</u></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 FUND  
 FOR THE YEAR ENDED MAY 31, 2020

	Waterworks Enterprise Fund
<hr/>	
OPERATING REVENUES	
Charges for Services:	
Water Sales	\$ 46,218
Total Operating Revenues	<u>46,218</u>
OPERATING EXPENSES	
Contracted Labor	3,843
Dues and Subscriptions	396
Office Expense	2,883
Payroll Expense	18,381
Payroll Taxes	1,406
Public Water System	275
Maintenance and Repairs	4,291
Utilities	1,553
Water Tower - Engineering	3,699
Total Operating Expenses	<u>36,727</u>
Operating Revenue (Expenses)	<u>9,491</u>
NON-OPERATING REVENUES (EXPENSES)	
Collection Fees	546
Interest Income	936
Miscellaneous	10
Total Non-Operating Revenues (Expenses)	<u>1,492</u>
Net Revenues (Expenses) Before Transfers	<u>10,983</u>
Transfers In (Out)	<u>5,990</u>
Change in Net Position	16,973
Total Net Position, Beginning of Year	<u>127,584</u>
Total Net Position, End of Year	<u><u>\$ 144,557</u></u>

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

VILLAGE OF CENTERTOWN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE YEAR ENDED MAY 31, 2020

	Enterprise Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received From Customers	\$ 46,519
Cash Payments to Suppliers and Contractors for Goods and Services	(16,940)
Cash Payments to Employees	(19,787)
Net Cash Provided by (Used) in Operating Activities	9,792
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Other Fees and Miscellaneous	556
Operating Transfers from Other Fund	5,990
Net Cash Provided by (Used) in Non-Capital Financing Activities	6,546
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition of Land	(18,852)
Construction in Progress	(123,533)
Transfers for Capital Purposes	129,130
Net Cash Provided by (Used) in Capital and Related Financing Activities	(13,255)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Received	936
Net Cash Provided by (Used) in Investing Activities	936
Net Increase (Decrease) in Cash and Cash Equivalents	4,019
Cash and Cash Equivalents - Beginning of Year	104,126
Cash and Cash Equivalents - End of Year	\$ 108,145
<b>RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES:</b>	
Operating Income (Loss)	\$ 9,491
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used) in Operating Activities:	
Increase (Decrease) in Liabilities:	
Sales Tax Liability	301
Total Adjustments	301
Net Cash Provided by (Used) in Operating Activities	\$ 9,792

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, 2020

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

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, 2020

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, Small Community Engineering Assistance Program, and the Village's citizens security deposits for water services.

VILLAGE OF CENTERTOWN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2020

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 Fund

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 funds:

<u>Fund</u>	<u>Brief Description</u>
Waterworks	Account for the activities of the public trust in providing water services to the public

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 Fund, 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, 2020

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 different than U.S. GAAP, as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the Statement of Net Position or Balance Sheets 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 Fund

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 enterprise 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, 2020

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

Basis of Accounting (Continued)

Governmental Funds (Continued)

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

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.”

Allowance for Doubtful Accounts

Management has determined an allowance is not required due to the historical low rate of uncollectible customer accounts.

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 reported capital assets are depreciated using the straight-line method over their estimated useful life.

VILLAGE OF CENTERTOWN  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MAY 31, 2020

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

Net Position/Fund Balance Classifications

*Government-Wide Financial Statements:*

Net position is classified and displayed in two 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.

*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, 2020

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, 2020

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
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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, 2020

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

Revenues, Expenditures, and Expenses (Continued)

Internal and Interfund Balances and Activities (Continued)

As a general rule, the effect of interfund 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 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:

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, amounts invested in overnight repurchase agreements, and investments with a maturity date of three months or less when purchased.

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 \$683,043 and the bank balance was \$741,484. 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, 2020

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

By its nature as a local government unit, the Village is subject to various federal, state and local laws, and contractual regulations.

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
Construction in Progress	32,908	123,531	-	156,439
Total Capital Assets not being depreciated	32,908	142,383	-	175,291
Total Business-Type Activities	\$ 32,908	\$ 142,383	\$ -	\$ 175,291

The Village had no depreciation expense for the year ended.

NOTE 5 – 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	\$ 4,388,853
Tax Levy per \$100 Assessed Valuation	.7500

The receipts of current and delinquent property taxes during the year aggregated approximately 97% of the current assessment computed on the basis of the levy as shown above.

NOTE 6 – 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, 2020

NOTE 7 – RELATED PARTY:

For the year ended, the Village purchased land from a current employee for the construction of a new water tower. Total cost paid to the employee was \$17,452.

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 – SUBSEQUENT EVENTS:

The Village has evaluated subsequent events through February 19, 2021, the date which the financial statements were available to be issued.

On March 11, 2020, Coronavirus (“COVID-19”) was declared a pandemic by the World Health Organization. As of the date of this report, any potential effects of COVID-19, whether operational or financial, for the Village are unknown. An estimate of the actual effects, whether operational or financial, cannot be reasonably determined as of the date of this report.

# OTHER INFORMATION



VILLAGE OF CENTERTOWN

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
FOR THE YEAR ENDED MAY 31, 2020

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES:</b>				
Property Taxes	\$ 30,800	\$ 30,800	\$ 31,956	\$ 1,156
Franchise Taxes	11,000	11,000	11,077	77
Sales Taxes	24,500	24,500	29,570	5,070
Telecommunications Taxes	6,000	6,000	3,976	(2,024)
Interest Income	1,000	1,000	772	(228)
Miscellaneous	-	-	333	333
Total Revenues	<u>73,300</u>	<u>73,300</u>	<u>77,684</u>	<u>4,384</u>
<b>EXPENDITURES:</b>				
Accounting and Legal	8,000	8,000	7,786	214
Advertising and Promotion	1,000	1,000	928	72
Cleaning	720	720	720	-
Continuing Education/Convention	500	300	135	165
Contributions	500	500	500	-
Election	200	200	-	200
Contracted Labor	-	-	3,407	(3,407)
Dues and Subscriptions	550	550	536	14
Fuel Expense	500	500	535	(35)
Furniture and Equipment	5,000	5,200	5,200	-
Insurance	9,100	9,600	9,192	408
Office Expense	3,500	4,200	4,189	11
Payroll Expense	17,200	17,200	16,938	262
Payroll Taxes	1,100	1,100	1,296	(196)
Maintenance and Repairs	4,200	3,500	4,345	(845)
Municipal Improvements	15,000	15,000	5,269	9,731
Rent Expense	1,200	1,200	900	300
Snow/Salt	1,000	1,300	1,890	(590)
Surplus Fund	2,030	1,230	10	1,220
Utilities	2,000	2,000	2,256	(256)
Total Expenditures	<u>73,300</u>	<u>73,300</u>	<u>66,032</u>	<u>7,268</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	-	-	11,652	11,652
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In (Out)	-	-	(2,713)	(2,713)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(2,713)</u>	<u>(2,713)</u>
NET CHANGE IN FUND BALANCE	-	-	8,939	8,939
FUND BALANCE, BEGINNING OF YEAR	<u>102,316</u>	<u>102,316</u>	<u>102,316</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 102,316</u>	<u>\$ 102,316</u>	<u>\$ 111,255</u>	<u>\$ 8,939</u>

VILLAGE OF CENTERTOWN  
NOTES TO THE BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED MAY 31, 2020

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 officer submits to the Board of Trustees a proposed budget for the 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, 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. Adjustments made during the year are reflected in the budget information included in the financial statements.
6. Budgets for Village funds are prepared and adopted on the modified cash basis (budget basis), recognizing revenues when collected and expenditures when paid.