

VILLAGE OF CENTERTOWN

Centertown, Missouri

INDEPENDENT AUDITOR'S REPORT

For the Year Ended May 31, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

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, 2022, 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 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 Village, as of May 31, 2022, 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, 2022, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 and *Government 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 and *Government 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.

Supplementary 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 accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2023, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit perform in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

January 17, 2023

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 Fund

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, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 473,072	\$ 170,657	\$ 643,729
Cash and Cash Equivalents- Restricted	-	254,651	254,651
Grants Receivable	-	19,564	19,564
Due from Other Fund	211,672	-	211,672
Total Current Assets	<u>684,744</u>	<u>444,872</u>	<u>1,129,616</u>
Non-Current Assets:			
Land, Buildings, and Equipment- Net of Accumulated Depreciation	-	1,449,677	1,449,677
Total Non-Current Assets	<u>-</u>	<u>1,449,677</u>	<u>1,449,677</u>
Total Assets	<u>684,744</u>	<u>1,894,549</u>	<u>2,579,293</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	-	38,453	38,453
Missouri Withholding Payable	-	51	51
Due to Other Fund	-	211,672	211,672
DNR SRF Loan	-	194,254	194,254
Total Liabilities	<u>-</u>	<u>444,430</u>	<u>444,430</u>
Non-Current Liabilities:			
Retention Payable	-	38,164	38,164
Total Non-Current Liabilities	<u>-</u>	<u>38,164</u>	<u>38,164</u>
Total Liabilities	-	482,594	482,594
NET POSITION			
Net Investment in Capital Assets	-	1,255,423	1,255,423
Restricted	-	254,651	254,651
Unrestricted	684,744	(98,119)	586,625
Total Net Position	<u>\$ 684,744</u>	<u>\$ 1,411,955</u>	<u>\$ 2,096,699</u>

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

VILLAGE OF CENTERTOWN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2022

Function/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	\$ (71,784)	\$ -	\$ -	\$ -	\$ (71,784)	\$ -	\$ (71,784)
Investments	(5,179)	-	-	-	(5,179)	-	(5,179)
CART Program	(34,677)	-	29,235	-	(5,442)	-	(5,442)
Security Deposits	(786)	-	-	-	(786)	-	(786)
Total Governmental Activities	(112,426)	-	29,235	-	(83,191)	-	(83,191)
Business-Type Activities:							
Waterworks	(49,651)	49,190	-	975,078	-	974,617	974,617
Total Business-Type Activities	(49,651)	49,190	-	975,078	-	974,617	974,617
Total Primary Government	\$ (162,077)	\$ 49,190	\$ 29,235	\$ 975,078	(83,191)	974,617	891,426
General Revenues:							
Taxes:							
Property Taxes					32,526	-	32,526
Franchise Taxes					11,741	-	11,741
Motor Fuel Taxes					14,651	-	14,651
Sales Tax					29,572	-	29,572
Telecommunications Tax Payments					3,353	-	3,353
Security Deposits					2,270	-	2,270
Collection Fees					-	409	409
Interest Income					751	238	989
Miscellaneous					544	3,331	3,875
Transfers In (Out)					(37,755)	37,755	-
Total General Revenues					57,653	41,733	99,386
Change in Net Position					(25,538)	1,016,350	990,812
Net Position, Beginning of Year					710,282	395,605	1,105,887
Net Position, End of Year					\$ 684,744	\$ 1,411,955	\$ 2,096,699

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

VILLAGE OF CENTERTOWN

BALANCE SHEET – MODIFIED CASH BASIS – GOVERNMENTAL FUNDS
MAY 31, 2022

	<u>General Fund</u>	<u>Investment Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ 108,644	\$ 306,425	\$ 58,003	\$ 473,072
Due from Other Fund	210,917	755	-	211,672
TOTAL ASSETS	<u>\$ 319,561</u>	<u>\$ 307,180</u>	<u>\$ 58,003</u>	<u>\$ 684,744</u>
FUND BALANCES				
Fund Balances:				
Unassigned	<u>319,561</u>	<u>307,180</u>	<u>58,003</u>	<u>684,744</u>
TOTAL FUND BALANCES	<u>319,561</u>	<u>307,180</u>	<u>58,003</u>	<u>684,744</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, 2022

	General	Investment Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 32,526	\$ -	\$ -	\$ 32,526
Franchise Taxes	11,741	-	-	11,741
Motor Fuel Taxes	-	-	14,651	14,651
Sales Taxes	29,572	-	-	29,572
Grants	-	-	29,235	29,235
Telecommunications Tax Payments	3,353	-	-	3,353
Security Deposits Collected	-	-	2,270	2,270
Interest Income	86	620	45	751
Miscellaneous	544	-	-	544
Total Revenues	<u>77,822</u>	<u>620</u>	<u>46,201</u>	<u>124,643</u>
EXPENDITURES				
Accounting and Legal	19,581	-	-	19,581
Advertising and Promotion	572	-	-	572
Cleaning	720	-	-	720
Continuing Education/Convention	229	-	-	229
Contributions	500	-	-	500
Dues and Subscriptions	536	-	-	536
Election	304	-	-	304
Fuel Expense	565	-	-	565
Insurance	10,044	-	-	10,044
Office Expense	5,839	-	-	5,839
Professional Fees	-	5,179	-	5,179
Payroll Expense	20,086	-	-	20,086
Payroll Taxes	1,296	-	-	1,296
Maintenance and Repairs	5,752	-	28,082	33,834
Rent Expense	1,240	-	-	1,240
Security Deposits Refunded	-	-	786	786
Snow/Salt	765	-	-	765
Surplus Fund	1,799	-	-	1,799
Utilities	1,957	-	6,594	8,551
Total Expenditures	<u>71,785</u>	<u>5,179</u>	<u>35,462</u>	<u>112,426</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	6,037	(4,559)	10,739	12,217
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(7,755)	(30,000)	-	(37,755)
Total Other Financing Sources (Uses)	<u>(7,755)</u>	<u>(30,000)</u>	<u>-</u>	<u>(37,755)</u>
NET CHANGE IN FUND BALANCES	(1,718)	(34,559)	10,739	(25,538)
FUND BALANCES, BEGINNING OF YEAR	<u>321,279</u>	<u>341,739</u>	<u>47,264</u>	<u>710,282</u>
FUND BALANCES, END OF YEAR	<u>\$ 319,561</u>	<u>\$ 307,180</u>	<u>\$ 58,003</u>	<u>\$ 684,744</u>

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

VILLAGE OF CENTERTOWN

STATEMENT OF FUND NET POSITION –
 PROPRIETARY FUND
 MAY 31, 2022

	<u>Waterworks Enterprise Fund</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 170,657
Cash and Cash Equivalents- Restricted	254,651
Grants Receivable	19,564
Total Current Assets	<u>444,872</u>
Non-Current Assets:	
Land, Buildings, Equipment- Net of Accumulated Depreciation	<u>1,449,677</u>
Total Non-Current Assets	<u>1,449,677</u>
 Total Assets	 1,894,549
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 38,453
Missouri Withholding Payable	51
Due to Other Fund	211,672
DNR SRF Loan	194,254
Total Current Liabilities	<u>444,430</u>
Non-Current Liabilities:	
Retention Payable	<u>38,164</u>
Total Non-Current Liabilities	<u>38,164</u>
Total Liabilities	<u>482,594</u>
NET POSITION	
Net Investment in Capital Assets	1,255,423
Restricted	254,651
Unrestricted	<u>(98,119)</u>
 Total Net Position	 <u>\$ 1,411,955</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, 2022

	<u>Waterworks Enterprise Fund</u>
OPERATING REVENUES	
Charges for Services:	
Water Sales	\$ 49,190
Collection Fees	409
Grant Income	975,078
Miscellaneous	3,331
Total Operating Revenues	<u>1,028,008</u>
OPERATING EXPENSES	
Dues and Subscriptions	415
Maintenance and Repairs	3,856
Office Expense	3,787
Payroll Expense	20,105
Payroll Taxes	744
Public Water System	300
Surplus Fund	2,068
Utilities	1,658
Water Tower - Engineering	914
Depreciation	15,061
Total Operating Expenses	<u>48,908</u>
Operating Revenue (Expenses)	979,100
NON-OPERATING REVENUES (EXPENSES)	
Interest Expense	(743)
Interest Income	238
Total Non-Operating Revenues (Expenses)	<u>(505)</u>
Net Revenues (Expenses) Before Transfers	978,595
Transfers In (Out)	<u>37,755</u>
Change in Net Position	1,016,350
Total Net Position, Beginning of Year	<u>395,605</u>
Total Net Position, End of Year	<u>\$ 1,411,955</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, 2022

	Enterprise Fund
<hr/>	
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Customers	\$ 49,599
Cash Received From Grants	960,493
Cash Payments to Suppliers and Contractors for Goods and Services	(13,065)
Cash Payments to Employees	(20,849)
Other Fees and Miscellaneous	3,331
Net Cash Provided by (Used) in Operating Activities	<u>979,510</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Operating Transfers from Other Fund	37,755
Net Cash Provided by (Used) in Non-Capital Financing Activities	<u>37,755</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(1,056,121)
DNR SRF Loan	129,923
Principal payment on Loan	(2,750)
Interest Paid	(743)
Transfers for Capital Purposes	(5,946)
Net Cash Provided by (Used) in Capital and Related Financing Activities	<u>(935,637)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	238
Net Cash Provided by (Used) in Investing Activities	<u>238</u>
Net Increase (Decrease) in Cash and Cash Equivalents	81,866
Cash and Cash Equivalents - Beginning of Year	<u>343,442</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 425,308</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, 2022

	Enterprise Fund
RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ 979,100
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used) in Operating Activities:	
Depreciation	15,061
(Increase) Decrease in Assets:	
Accounts Receivable	(14,702)
Increase (Decrease) in Liabilities:	
Missouri Withholding Payable	51
Total Adjustments	410
Net Cash Provided by (Used) in Operating Activities	\$ 979,510

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:

Interest	\$ 743
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, 2022

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, 2022

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, and the Village's citizens security deposits for water services.

VILLAGE OF CENTERTOWN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

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 fund:

<u>Fund</u>	<u>Brief Description</u>
Waterworks	Accounts 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, 2022

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 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 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, 2022

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

VILLAGE OF CENTERTOWN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

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.

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, 2022

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, 2022

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, 2022

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:

The Village's cash and cash equivalents are considered to be cash on hand, demand deposits, 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 \$898,380 and the bank balance was \$1,027,954. 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, 2022

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 \$254,651, 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
Construction in Progress	288,178	1,157,708	1,445,886	-
Total Capital Assets not being depreciated	307,030	1,157,708	1,445,886	18,852
Capital Assets being depreciated:				
Water System	-	1,445,886	-	1,445,886
Accumulated Depreciation	-	(15,061)	-	(15,061)
Total Capital Assets being depreciated, Net	-	1,430,825	-	1,430,825
Total Business-Type Activities	\$ 307,030	\$2,588,533	\$1,445,886	\$1,449,677

The Village had \$15,061, 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 will 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 are set to begin on July 1, 2022. Interest is set to begin accruing as of March 15, 2021, at .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 on the Statement of Net Position.

VILLAGE OF CENTERTOWN
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MAY 31, 2022

NOTE 5 – DNR SRF LOAN: (Continued)

The activity on the SRF loan are as follows:

Beginning Balance	\$ 37,249
Add: Draws	159,755
Less: Payments	<u>(2,750)</u>
Ending Balance	<u>\$ 194,254</u>

Interest expense on the loan as of the year ended totaled \$743.

NOTE 6 – INTERFUND TRANSFERS:

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

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 30,000
Investment Fund		7,755
Waterworks Fund	<u>37,755</u>	<u>-</u>
Total	<u>\$ 37,755</u>	<u>\$ 37,755</u>

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, or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 7 – RETAINAGE PAYABLE:

During fiscal year 2021, the Village entered a construction contract to aid in building the new water tower. The contract included a 5% retainage in which the Village will not pay the contractor until the completion of the contract. As of the year ended, the Village recorded a payable of \$38,164 on the Statement of Fund Net Position- Proprietary Fund as “Retention Payable.”

NOTE 8 – 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	\$ 4,714,541
Tax Levy per \$100 Assessed Valuation	0.7500

The receipts of current and delinquent property taxes during the year aggregated approximately 92% of the current assessment computed on the basis of the levy as shown above.

VILLAGE OF CENTERTOWN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MAY 31, 2022

NOTE 9 – 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 10 – 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 11 – SUBSEQUENT EVENTS:

The Village has evaluated subsequent events through January 17, 2023, 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, 2022

	Original Budget	Final Budget	Actual	Variance
REVENUES				
Property Taxes	\$ 34,000	\$ 34,000	\$ 32,526	\$ (1,474)
Franchise Taxes	11,060	11,060	11,741	681
Sales Taxes	25,000	25,000	29,572	4,572
Telecommunications Tax Payments	3,000	3,000	3,353	353
Interest Income	250	250	86	(164)
Miscellaneous	-	-	544	544
Total Revenues	73,310	73,310	77,822	4,512
EXPENDITURES				
Accounting and Legal	22,000	20,500	19,581	919
Advertising and Promotion	1,000	500	572	(72)
Cleaning	720	720	720	-
Continuing Education/Convention	500	500	229	271
Contributions	500	500	500	-
Dues and Subscriptions	500	500	536	(36)
Election	450	450	304	146
Fuel Expense	900	900	565	335
Insurance	10,350	10,350	10,044	306
Office Expense	4,550	4,810	5,839	(1,029)
Payroll Expense	18,300	18,300	20,086	(1,786)
Payroll Taxes	1,400	1,400	1,296	104
Maintenance and Repairs	6,000	6,350	5,752	598
Rent Expense	1,200	1,200	1,240	(40)
Snow/Salt	1,700	1,700	765	935
Surplus Fund	1,240	2,630	1,799	831
Utilities	2,000	2,000	1,957	43
Total Expenditures	73,310	73,310	71,785	1,525
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	-	-	6,037	6,037
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	-	-	(7,755)	(7,755)
Total Other Financing Sources (Uses)	-	-	(7,755)	(7,755)
NET CHANGE IN FUND BALANCE	-	-	(1,718)	(1,718)
FUND BALANCE, BEGINNING OF YEAR	321,279	321,279	321,279	-
FUND BALANCE, END OF YEAR	\$ 321,279	\$ 321,279	\$ 319,561	\$ (1,718)

VILLAGE OF CENTERTOWN
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED MAY 31, 2022

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.

SUPPLEMENTARY
INFORMATION

Federal Compliance Section

Village of Centertown
Schedule of Expenditures of Federal Awards
For the Year Ended May 31, 2022

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Federal Expenditures(\$)</i>
<i>Passed-Through Programs</i>			
United States Environmental Protection Agency Passed-through Missouri Department of Natural Resources			
<i>DWSRF Cluster</i>			
Capital Grants for DWSRF	66.468	DW291337-02	\$ 404,356
Water and Wastewater Loan Revolving Fund Capital Grants	66.468	DW291337-02	<u>159,755</u>
<i>Total DWSRF Cluster</i>			<u>564,111</u>
U.S Department of Housing and Urban Development, Office of Community Planning and Development Passed- through Missouri Department of Economic Development			
Community Development Block Grant (CDBG)	14.228	2019-PF-11	<u>570,721</u>
<i>Total Department of Housing and Urban Development Passed Through Missouri Department of Economic Development</i>			<u>570,721</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 1,134,833</u></u>

The accompanying notes are an integral part of this Schedule.

BASIS OF PRESENTATION:

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Village under programs of the federal government for the year ended. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (The Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, change in financial position, or cash flows of the Village.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *The Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Village has not elected to use the 10-percent de minimis indirect cost rate as allowed under *The Uniform Guidance*.

FEDERAL LOAN:

The Village was approved by the Missouri Department of Natural Resources to receive a loan from the Environmental Protection Agency totaling \$245,000 to meet the matching requirements for the Capitalization Grant for DWSRF. The amount listed for this loan includes the beginning of the period loan balance plus proceeds used during the year. Proceeds used during the year are included in the schedule. The balance owed at the end of the period is \$194,254.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Centertown (the “Village”), as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the Village’s basic financial statements, and have issued our report thereon dated January 17, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village’s 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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Village's response was not subjected to the other auditing procedures applied to the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of his Report

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

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

January 17, 2023



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INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Village of Centertown’s (the “Village”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Village’s major federal programs for the year ended May 31, 2022. The Village’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Responses.

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“*The Uniform Guidance*”). Our responsibilities under those standards and *The Uniform Guidance* are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Village’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Village's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. 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, *Government Auditing Standards*, and *The Uniform Guidance* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and *The Uniform Guidance*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with *The Uniform Guidance*, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *The Uniform Guidance*. Accordingly, this report is not suitable for any other purpose.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

January 17, 2023

VILLAGE OF CENTERTOWN
 SCHEDULE OF FINDINGS AND RESPONSES 2 CFR SECTION 200.515
 FOR THE YEAR ENDED MAY 31, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS:

Financial Statements

Type of Financial Statement Opinion: Unmodified

Internal Control Over Financial Reporting (GAGAS):

- Material weakness(es) identified? No
- Significant deficiency(ies) reported? Yes
- Noncompliance material to financial statements noted (GAGAS)? No

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) reported? No
- Significant deficiency(ies) reported? No

Type of Opinion on Compliance for Major Programs: Unmodified

Are there any reportable findings under 2 CFR Section 200.516(a)? No

Identification of Major Programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
66.468	DWSRF Cluster
14.228	Community Development Block Grant (CDBG)

Dollar Threshold: Type A/B Programs
 Type A: >\$750,000
 Type B: All Others

Low Risk Auditee under 2 CFR Section 200.520? No

VILLAGE OF CENTERTOWN
SCHEDULE OF FINDINGS AND RESPONSES 2 CFR SECTION 200.515
FOR THE YEAR ENDED MAY 31, 2022

SECTION II – FINANCIAL STATEMENTS FINDINGS:

SIGNIFICANT DEFICIENCY

2022-001: Segregation of Duties (Resubmitted)

Criteria: 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.

Condition: As in many smaller to medium-sized organizations, it is difficult to obtain proper segregation of duties due to the limited number of employees.

Effect: 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.

Recommendation: 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.

Response: The Village recognizes that the limited number of employees prohibits proper segregation of duties in all areas. The Village will continue to review these processes accordingly to optimize the functionality of internal controls.

SECTION III – FEDERAL AWARD FINDINGS:

No matters were reported.

VILLAGE OF CENTERTOWN, MISSOURI

CORRECTIVE ACTION PLAN

January 17, 2023

U.S. ENVIRONMENTAL PROTECTION AGENCY AND U.S.
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT,
OFFICE OF COMMUNITY PLANNING AND DEVELOPMENT

The Village of Centertown respectfully submits the following corrective action plan for the year ended May 31, 2022.

Contact Information for the individual responsible for the corrective action:

Mr. Adam E. Brown, Chairman
1227 Broadway Street
P.O. Box 175
Centertown, MO 65023

Independent Public Accounting Firm:
Graves and Associates, CPAs, LLC
3702 West Truman Blvd, Suite 213
Jefferson City, MO 65109

Audit Period: Year ended May 31, 2022

The finding from the Schedule of Findings and Responses is discussed below. The finding is numbered consistently with the numbers assigned in the Schedule.

Trustees

Adam Brown,
Chairman

Debra Baker
Chairman, Pro-Tem

Heather Hunger
Trustee

Paula Hinshaw
Trustee

Travis LePage
Trustee

Clerk
Linton Bartlett

CORRECTIVE ACTION PLAN (Continued)
January 17, 2023

FINDINGS – FINANCIAL STATEMENT

SIGNIFICANT DEFICIENCY

2022-001: Segregation of Duties (Resubmitted)

Criteria: 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.

Condition: As in many smaller to medium-sized organizations, it is difficult to obtain proper segregation of duties due to the limited number of employees.

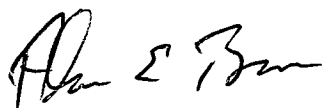
Effect: Due to the limited number of employees, the Village might not prevent, or detect and correct, misstatements on a timely basis in the normal performance of duties.

Recommendation: 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.

Response: The Village recognizes that the limited number of employees prohibits proper segregation of duties in all areas. The Village will continue to review these processes accordingly to optimize the functionality of internal controls.

Completion Date: Not Applicable

Sincerely,



Mr. Adam E. Brown, Chairman
Village of Centertown