

CITY OF CENTERVILLE, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

**CITY OF CENTERVILLE, GEORGIA
ANNUAL FINANCIAL REPORT**

TABLE OF CONTENTS

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Pages(s)</u>
<u>I. FINANCIAL SECTION</u>	
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	4 – 12
BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet – Governmental Funds	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	18
Proprietary Funds:	
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21 - 22
Fiduciary Fund:	
Statement of Fiduciary Assets and Liabilities – Agency Fund	23
Notes to Financial Statements	24 - 53
REQUIRED SUPPLEMENTARY INFORMATION -	
Schedule of Changes in the City's Net Pension Liability and Related Ratios	54
Schedule of Contributions	55
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Combining Balance Sheet – Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	57
Statement of Changes in Assets and Liabilities – Agency Fund	58

**CITY OF CENTERVILLE, GEORGIA
ANNUAL FINANCIAL REPORT**

TABLE OF CONTENTS

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Pages(s)</u>
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Confiscated Assets – Special Revenue Fund	59
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Transportation Enhancement Fund – Capital Projects Fund	60
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – LMIG Grant – Capital Project Fund	61
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – SPLOST – Capital Projects Fund	62
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds	63

**II. REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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 <i>Government Auditing Standards</i>	64 - 65
Schedule of Findings and Responses	66 - 67

I. FINANCIAL SECTION

o INDEPENDENT AUDITOR'S REPORT

**o MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

o BASIC FINANCIAL STATEMENTS

o REQUIRED SUPPLEMENTARY INFORMATION

**o COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**



NICHOLS, CAULEY & ASSOCIATES, LLC

400 Corder Road
Warner Robins, Georgia 31088
478-929-3888 FAX 478-923-7896
warnerrobins@nicholscauley.com

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council
City of Centerville, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Centerville's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

Honorable Mayor and Council
City of Centerville, Georgia

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of changes in net pension liability and the schedule of contributions on pages 4 through 12 and 54 and 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Centerville's basic financial statements. The combining and individual nonmajor fund financial statements and the schedule of projects constructed with special purpose local option sales tax proceeds, as required by the State of Georgia, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of special purpose local option sales tax proceeds, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain

Honorable Mayor and Council
City of Centerville, Georgia

additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of projects constructed with special purpose local option sales tax proceeds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2017 on our consideration of the City of Centerville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Centerville's internal control over financial reporting and compliance.

Nichols, Cauley + Associates, LLC

Warner Robins, Georgia
December 15, 2017

CITY OF CENTERVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(UNAUDITED)

As management of the City of Centerville, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Centerville for the fiscal year ended June 30, 2017. Please review in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

The City's total assets exceeded its liabilities in the amount of \$24,135.6 thousand for the governmental activities and \$9,230.6 thousand for the business-type activities for a total net position of \$33,366.2 thousand. This is in comparison to prior year total net position of \$31,490.0 thousand and reflects an increase of \$1,876.2 thousand in net position.

In the Government-wide statement of activities, revenues (including transfers) and expenses for the governmental activities were \$5,242.1 thousand and \$4,023.7 thousand, respectively, with a change in net position of \$1,218.4 thousand. This is compared with prior year revenues (including transfers) of \$7,259.1 thousand and expenses of \$3,924.8 thousand.

In the Government-wide statement of activities, revenues (including transfers) and expenses for the business-type activities were \$3,501.7 thousand and \$2,843.9 thousand with a change in net position of \$657.8 thousand. This is compared with prior year revenues (including transfers) and expenses of \$3,155.2 thousand and expenses of \$2,668.9 thousand.

The difference in the current year increase in net position of \$1,876.2 thousand in comparison with the prior year increase in net position of \$3,820.6 thousand is from:

- Increase in charges for services by \$345.0 thousand
- Increase in total general revenues by \$126.5 thousand
- Increase in total expenses by \$274.0 thousand
- Decrease in capital grants and contributions by \$2,137.2 thousand

In the fund financial statements the City's governmental funds reported a combined ending fund balance of \$3,683.4 thousand in comparison with prior years combined ending fund balance of \$3,432.5 thousand, an increase of \$250.9 thousand.

As of June 30, 2017, general fund unassigned fund balance was \$3,376.7 thousand or 87.7% of general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Centerville's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements 2) fund financial statements and 3) notes to the basic financial statements. This report also contains supplementary information, in addition to the basic financial statements.

CITY OF CENTERVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(UNAUDITED)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements are comparable to the reporting requirements of private sector businesses and provide financial information about the City as a whole.

The Statement of Net Position presents information on all the City's assets and liabilities with the difference reported as net position. This increase or decrease in net position serves as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing the change in the City's net position in the most recent fiscal year. Revenues and expenses are recognized on the accrual basis of accounting regardless of the timing of related cash flow.

The City of Centerville divides the Statement of Net Position and Statement of Activities into two types of activities:

- **Governmental Activities** - The City's basic services are accounted for in this section, including general administration, police, fire, municipal court, probation, public works, animal control, inspections, and park and economic development. These activities are supported by property taxes, franchise fees, business licenses, alcohol licenses, building permits and federal and state grants.
- **Business-type activities** – The City provides water and sewer services, sanitation services and storm water utility services to the residents of Centerville. Fees for these services fund and support the costs of billings, activation of new customer accounts, reading of meters, supplies and routine repairs and maintenance.

FUND FINANCIAL STATEMENTS

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- **Governmental Funds:** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental

CITY OF CENTERVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(UNAUDITED)

funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, one may better understand the long term impact of the City's near term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate the comparison between governmental activities and governmental funds.

Governmental funds include the general fund, special revenue funds and capital projects funds. Budgetary comparison statement is included in the basic financial statements for the general fund. This statement demonstrates compliance with the City's adopted and final revised budget.

- **Proprietary Funds:** The City of Centerville maintains three proprietary funds, each of which are enterprise funds. Enterprise funds report the same activity as the business type activities in the government-wide financial statements. The City accounts for the water and sewer service, sanitation service and storm water utility service through its enterprise funds.
- **Fiduciary Funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one fiduciary fund: the Municipal Court Fund. The fiduciary fund financial statement can be found on page 23.
- **Notes to the Financial Statements:** Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Notes to the financial statement can be found on page 24 through 53 of this report.
- **Required Supplementary Information:** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's net pension asset or liability and the City Contributions. Required supplementary information can be found on pages 54 and 55 of this report.
- **Other Information:** Individual and combining nonmajor financial statements are presented immediately following the required supplementary information. These may be found beginning on page 56.

**CITY OF CENTERVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(UNAUDITED)**

Government-wide Financial Analysis

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by \$33,366.2 thousand, which is an increase of \$1,876.2 thousand or 6.0% from fiscal year 2016.

**City of Centerville, Georgia's Net Position
June 30, 2017 and 2016
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 4,123.3	\$ 3,539.3	\$ 5,116.8	\$ 5,000.1	\$ 9,240.1	\$ 8,539.4
Capital assets	21,448.6	21,421.0	5,288.4	4,437.3	26,737.0	25,858.3
Net pension asset	278.6	67.1	78.6	18.9	357.2	86.0
Total assets	25,850.5	25,027.4	10,483.8	9,456.3	36,334.3	34,483.7
Deferred outflows of resources	250.4	293.8	34.8	47.7	285.2	341.5
Current and other liabilities	1,272.3	942.6	893.0	428.7	2,165.3	1,371.3
Noncurrent liabilities	200.8	948.7	248.7	350.5	449.5	1,299.2
Total liabilities	1,473.1	1,891.3	1,141.7	779.2	2,614.8	2,670.5
Deferred inflows of resources	492.2	512.6	146.3	152.1	638.5	664.7
Net position:						
Net investment						
in capital assets	20,534.3	19,741.3	5,017.6	4,100.5	25,551.9	23,841.8
Restricted	265.0	173.4	--	--	265.0	173.4
Unrestricted	3,336.3	3,002.6	4,213.0	4,472.2	7,549.3	7,474.8
Total net position	\$ 24,135.6	\$ 22,917.3	\$ 9,230.6	\$ 8,572.7	\$ 33,366.2	\$ 31,490.0

As a whole the City of Centerville assets exceeded liabilities by \$33,366.2 thousand at the close of fiscal year June 30, 2017. Of the \$33,366.2 thousand in total net position, \$25,551.9 thousand or 76.6% reflects net investment in capital assets (i.e., land, infrastructure, buildings, machinery and equipment), \$265.0 thousand or .8% is restricted net position and \$7,549.3 thousand or 22.6% is unrestricted net position.

CITY OF CENTERVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(UNAUDITED)

Changes in Net Position

The following table provides a comparison for the changes in the net position in governmental and business type activities for the fiscal years ended June 30, 2017 and 2016.

City of Centerville, Georgia's Changes in Net Position
For the Years Ended June 30, 2017 and 2016
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program revenues:						
Charges for services	\$ 533.0	\$ 556.6	\$ 3,475.2	\$ 3,106.5	\$ 4,008.2	\$ 3,663.1
Restricted operating grants	10.5	15.2	--	--	10.5	15.2
Restricted capital grants	1,189.6	3,326.9	--	--	1,189.6	3,326.9
General revenues:						
Property taxes	2,374.6	2,378.2	--	--	2,374.6	2,378.2
Other taxes	1,039.7	908.9	--	--	1,039.7	908.9
Interest and investment income	--	--	0.6	1.0	0.6	1.0
Other general revenues	15.9	25.1	104.7	95.9	120.6	121.0
Total revenues	5,163.3	7,210.9	3,580.5	3,203.4	8,743.8	10,414.3
Program expenses:						
General government	634.3	611.6	--	--	634.3	611.6
Municipal court	163.7	158.4	--	--	163.7	158.4
Probation	57.5	55.7	--	--	57.5	55.7
Public safety	2,554.6	2,489.7	--	--	2,554.6	2,489.7
Public works	520.7	576.5	--	--	520.7	576.5
Parks	10.0	--	--	--	10.0	--
Economic development	58.8	--	--	--	58.8	--
Interest on long-term debt	24.1	32.9	--	--	24.1	32.9
Business activities:						
Water and sewer	--	--	2,034.3	1,958.5	2,034.3	1,958.5
Sanitation	--	--	744.4	710.4	744.4	710.4
Storm water utility	--	--	65.2	--	65.2	--
Total expenses	4,023.7	3,924.8	2,843.9	2,668.9	6,867.6	6,593.7
Excess before contributions and transfers						
	1,139.6	3,286.1	736.6	534.5	1,876.2	3,820.6
Transfers	78.8	48.2	(78.8)	(48.2)	--	--
Increase in net position	\$ 1,218.4	\$ 3,334.3	\$ 657.8	\$ 486.3	\$ 1,876.2	\$ 3,820.6

**CITY OF CENTERVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(UNAUDITED)**

As a whole, the City of Centerville's net position increased \$1,876.2 thousand as of the close of the fiscal year June 30, 2017. Of this increase \$1,218.4 thousand or 64.9% is attributable to the governmental activities and \$657.8 thousand or 35.1% is attributable to the business-type activities.

FUND FINANCIAL ANALYSIS

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending as of the fiscal year end.

As of the end of fiscal year 2017, the City's governmental funds reported combined ending fund balance of approximately \$3,683.4 thousand or an increase of approximately \$250.8 thousand when compared with prior year.

This increase of fund balance in the amount of \$250.8 thousand is comprised of an increase of \$175.2 thousand, \$87.8 thousand and \$12.0 thousand in the general fund, SPLOST fund and non-major governmental fund, respectively, along with a decrease of \$24.2 thousand in the transportation enhancement capital project fund.

The General Fund is the chief operating fund of the City. As of June 30, 2017, the total and unassigned fund balance of the general fund was \$3,376.7. Unassigned fund balance represents approximately 87.7% of total general fund expenditures.

Proprietary Funds

The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted combined net position of the Water and Sewer Fund, Sanitation Fund and Storm Water Utility Fund at the end of fiscal year 2017 amounted to \$4,213.0 thousand, a decrease of \$259.2 thousand.

**CITY OF CENTERVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(UNAUDITED)**

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council revisits the budget several times during the year. Differences in expenditures between the original budget and the final amended budget in the general fund amounted to a \$206.6 thousand increase. General fund actual expenditures were 86.2% of the final amended appropriations or \$616.8 less than the final budget.

CAPITAL ASSETS

The City's capital assets for its governmental and business-type activities as of June 30, 2017 total \$26,737.0 thousand (net of accumulated depreciation). This investment in capital assets includes land, public buildings and improvements, construction in progress, infrastructure, water and sewer improvements, machinery and equipment and furniture and fixtures. The City's capital assets increased \$878.7 thousand.

Additional information of the City of Centerville's capital assets can be found in Note III-C beginning on page 36 of this report.

**City of Centerville, Georgia's
Capital Assets at Year-End
(in thousands)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	2017	2016	2017	2016	2017	2016
Land and improvements	\$ 371.1	\$ 371.1	\$ 798.5	\$ 637.3	\$ 1,169.6	\$ 1,008.4
Construction in progress	4,159.9	3,615.9	831.1	--	4,991.0	3,615.9
Buildings and improvements	4,377.0	4,483.3	44.1	46.9	4,421.1	4,530.2
Infrastructure	11,675.1	11,919.1	3,381.7	3,482.1	15,056.8	15,401.2
Equipment	865.5	1,031.6	233.0	271.0	1,098.5	1,302.6
Totals	<u>\$ 21,448.6</u>	<u>\$ 21,421.0</u>	<u>\$ 5,288.4</u>	<u>\$ 4,437.3</u>	<u>\$ 26,737.0</u>	<u>\$ 25,858.3</u>

**CITY OF CENTERVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(UNAUDITED)**

DEBT MANAGEMENT

The City's long-term obligations for its governmental and business-type activities as of June 30, 2017 total \$1,343.9 thousand in comparison to \$2,160.3 thousand in the prior year. This change reflects the decline of \$816.4 thousand in long-term debt.

**City of Centerville, Georgia
Outstanding Long-Term Obligations at Year-End
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Notes and other obligations	\$ 1,033.2	\$ 1,784.5	\$ 310.7	\$ 375.8	\$ 1,343.9	\$ 2,160.3

Refer to Note III-E beginning on page 41 of this report for additional information on the City's long-term obligations.

ECONOMIC FACTORS AND 2018 BUDGET

The City continued to maintain its level of services, manage its resources and operate below the final amended budget for the fiscal year 2017.

Factors considered in preparation of the Fiscal Year 2018 Budget include:

- No change in millage rate for Centerville residents
- Plan for Center Park at Centerville

As of June 30, 2017, unemployment rates for the Middle Georgia Region (Houston County) were 5.5% vs the state rate of 4.7%. This was a decrease from 2016 rates of 6.0% for the Middle Georgia Region and 5.1% for the state.

**CITY OF CENTERVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017
(UNAUDITED)**

CONTACT INFORMATION

This report has been created to give our citizens, taxpayers, customers, investors and creditors a summary of City finances and to show how its revenues are used. If you have any questions regarding this report, or if you need additional financial information, please contact:

Carol Harrison
300 East Church Street
Centerville, Georgia 31028
Phone: 478-953-4734
Fax: 478-953-4797
cityaccountant@centerville.mgacoxmail.com

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 3,789,166	\$ 4,572,528	\$ 8,361,694
Receivables:			
Taxes	7,459	--	7,459
Accounts	107,568	52,675	160,243
Unbilled accounts	--	273,079	273,079
Interfund	82,257	135,221	217,478
Accrued interest	--	160	160
Inventory, at cost	--	62,191	62,191
Prepaid items	40,097	20,986	61,083
Intergovernmental	96,826	--	96,826
Total current assets	<u>4,123,373</u>	<u>5,116,840</u>	<u>9,240,213</u>
Non-current assets:			
Capital assets:			
Land and other non-depreciable assets	4,531,006	1,629,586	6,160,592
Capital assets, net of accumulated depreciation	<u>16,917,584</u>	<u>3,658,791</u>	<u>20,576,375</u>
Capital assets, net	21,448,590	5,288,377	26,736,967
Net pension asset	<u>278,579</u>	<u>78,574</u>	<u>357,153</u>
Total non-current assets	<u>21,727,169</u>	<u>5,366,951</u>	<u>27,094,120</u>
Total assets	<u>25,850,542</u>	<u>10,483,791</u>	<u>36,334,333</u>
<u>DEFERRED OUTFLOWS OF RESOURCES-</u>			
Deferred outflows related to pensions	<u>250,379</u>	<u>34,794</u>	<u>285,173</u>

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	97,235	441,260	538,495
Retainage payable	--	84,584	84,584
Other liabilities	57,171	18,630	75,801
Accrued interest payable	--	763	763
Customer deposits	--	271,490	271,490
Unearned revenue	82,257	--	82,257
Interfund payables	203,289	14,189	217,478
Compensated absences	83,005	27,506	110,511
Notes payable - other	749,385	34,538	783,923
Total current liabilities	<u>1,272,342</u>	<u>892,960</u>	<u>2,165,302</u>
Noncurrent liabilities:			
Compensated absences	35,875	12,503	48,378
Notes payable - other, net of current portion	164,909	236,223	401,132
Total non-current liabilities	<u>200,784</u>	<u>248,726</u>	<u>449,510</u>
Total liabilities	<u>1,473,126</u>	<u>1,141,686</u>	<u>2,614,812</u>
DEFERRED INFLOWS OF RESOURCES-			
Deferred inflows related to pensions	<u>492,152</u>	<u>146,339</u>	<u>638,491</u>
NET POSITION:			
Net investment			
in capital assets	20,534,296	5,017,616	25,551,912
Restricted for capital projects	237,711	--	237,711
Restricted for law enforcement	27,350	--	27,350
Unrestricted	3,336,286	4,212,944	7,549,230
Total net position	<u>\$ 24,135,643</u>	<u>\$ 9,230,560</u>	<u>\$ 33,366,203</u>

See accompanying notes to financial statements and independent auditor's report.

**CITY OF CENTERVILLE, GEORGIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
General government	\$ 634,328	\$ 144,597	\$ --
Municipal court	163,734	--	--
Probation	57,484	67,568	--
Public safety	2,554,633	320,237	10,515
Public works	520,692	584	--
Parks	10,000	--	--
Economic development	58,793	--	--
Interest on long-term debt	24,096	--	--
Total governmental activities	<u>4,023,760</u>	<u>532,986</u>	<u>10,515</u>
Business-type activities:			
Water and sewer	2,034,334	2,283,456	--
Sanitation	744,384	963,627	--
Storm water utility	65,243	228,105	--
Total business-type activities	<u>2,843,961</u>	<u>3,475,188</u>	<u>--</u>
 Total primary government	 <u>\$ 6,867,721</u>	 <u>\$ 4,008,174</u>	 <u>\$ 10,515</u>

General revenues:
Property taxes
Intangible
Franchise
Alcoholic beverage tax
Insurance premium tax
Other taxes
Other
Unrestricted investment earnings
Gain on sale of capital assets
Transfers
 Total general revenues and transfers
 Change in net position
Net position - beginning
Net position - ending

Program Revenues	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-type Activities	Total
Capital			
Grants and Contributions			
\$ --	\$ (489,731)	\$ --	\$ (489,731)
--	(163,734)	--	(163,734)
--	10,084	--	10,084
718,359	(1,505,522)	--	(1,505,522)
471,234	(48,874)	--	(48,874)
--	(10,000)	--	(10,000)
--	(58,793)	--	(58,793)
--	(24,096)	--	(24,096)
<u>1,189,593</u>	<u>(2,290,666)</u>	<u>--</u>	<u>(2,290,666)</u>
--	--	249,122	249,122
--	--	219,243	219,243
--	--	162,862	162,862
<u>--</u>	<u>--</u>	<u>631,227</u>	<u>631,227</u>
<u>\$ 1,189,593</u>	<u>(2,290,666)</u>	<u>631,227</u>	<u>(1,659,439)</u>
	2,374,632	--	2,374,632
	37,393	--	37,393
	473,049	--	473,049
	78,691	--	78,691
	444,888	--	444,888
	5,726	--	5,726
	6,306	104,745	111,051
	13	619	632
	9,532	--	9,532
	78,770	(78,770)	--
	<u>3,509,000</u>	<u>26,594</u>	<u>3,535,594</u>
	1,218,334	657,821	1,876,155
	22,917,309	8,572,739	31,490,048
	<u>\$ 24,135,643</u>	<u>\$ 9,230,560</u>	<u>\$ 33,366,203</u>

See accompanying notes to financial statements and independent auditor's report.

**CITY OF CENTERVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Fund	SPLOST	Transportation Enhancement Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents	\$ 3,522,839	\$ 237,711	\$ --	\$ 28,616	\$ 3,789,166
Receivables, (net of write-offs):					
Taxes	7,459	--	--	--	7,459
Accounts	107,568	--	--	--	107,568
Interfund	--	--	--	82,257	82,257
Prepaid expenses	40,097	--	--	--	40,097
Intergovernmental	--	--	96,826	--	96,826
Total assets	<u>\$ 3,677,963</u>	<u>\$ 237,711</u>	<u>\$ 96,826</u>	<u>\$ 110,873</u>	<u>\$ 4,123,373</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	95,969	\$ --	\$ --	\$ 1,266	\$ 97,235
Other liabilities	57,171	--	--	--	57,171
Unearned revenue	--	--	--	82,257	82,257
Interfund payable	82,257	--	121,032	--	203,289
Total liabilities	<u>235,397</u>	<u>--</u>	<u>121,032</u>	<u>83,523</u>	<u>439,952</u>
Fund balances:					
Restricted - capital projects	--	237,711	--	--	237,711
Restricted - supplies and equipment	--	--	--	27,350	27,350
Committed - ladder truck	65,797	--	--	--	65,797
Unassigned	3,376,769	--	(24,206)	--	3,352,563
Total fund balances	<u>3,442,566</u>	<u>237,711</u>	<u>(24,206)</u>	<u>27,350</u>	<u>3,683,421</u>
Total liabilities and fund balances	<u>\$ 3,677,963</u>	<u>\$ 237,711</u>	<u>\$ 96,826</u>	<u>\$ 110,873</u>	
Amounts reported for governmental activities in the statement of net position are different because:					
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.					21,448,590
Certain liabilities, such as compensated absences are not due and payable in the current period and, therefore, are not reported in the funds					(118,880)
Long-term liabilities, including notes payable - other and capital leases payable, are not due and payable in the current period and, therefore, are not reported in the funds					(914,294)
Items related to pensions, including pension liability, and deferred inflows and outflows, are not due and payable in the current period and, therefore, are not reported in the funds					36,806
Net position of governmental activities (page 13)					<u>\$ 24,135,643</u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	SPLOST	Transportation Enhancement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
General property taxes	\$ 2,374,632	\$ --	\$ --	\$ --	\$ 2,374,632
Other taxes	1,039,747	--	--	--	1,039,747
Licenses and permits	144,597	--	--	--	144,597
Intergovernmental revenues	5,531	711,995	96,826	--	814,352
Charges for services	584	--	--	--	584
Fines and forfeitures	307,744	--	--	12,493	320,237
Probation fees	67,568	--	--	--	67,568
Interest	13	1,433	-	--	1,446
Donations	9,915	--	--	--	9,915
Other revenues	6,306	--	--	--	6,306
Total revenues	<u>3,956,637</u>	<u>713,428</u>	<u>96,826</u>	<u>12,493</u>	<u>4,779,384</u>
Expenditures:					
Current:					
General government	684,664	--	--	--	684,664
Municipal court	137,486	--	--	--	137,486
Probation	61,722	--	--	--	61,722
Public safety	2,475,425	--	--	1,000	2,476,425
Public works	273,557	--	--	--	273,557
Parks	10,000	--	--	--	10,000
Economic development	63,057	--	--	--	63,057
Capital outlay	--	--	121,032	7,659	128,691
Debt service:					
Principal	139,240	608,341	--	--	747,581
Interest	6,820	17,276	--	--	24,096
Total expenditures	<u>3,851,971</u>	<u>625,617</u>	<u>121,032</u>	<u>8,659</u>	<u>4,607,279</u>
Excess (deficiency) of revenues over (under) expenditures	<u>104,666</u>	<u>87,811</u>	<u>(24,206)</u>	<u>3,834</u>	<u>172,105</u>
Other financing sources (uses):					
Transfers in	100,323	--	--	8,237	108,560
Transfers out	(29,790)	--	--	--	(29,790)
Total other financing sources (uses)	<u>70,533</u>	<u>--</u>	<u>--</u>	<u>8,237</u>	<u>78,770</u>
Net change in fund balance	175,199	87,811	(24,206)	12,071	250,875
Fund balance, beginning of year	<u>3,267,367</u>	<u>149,900</u>	<u>--</u>	<u>15,279</u>	<u>3,432,546</u>
Fund balance (deficit), end of year	<u>\$ 3,442,566</u>	<u>\$ 237,711</u>	<u>\$ (24,206)</u>	<u>\$ 27,350</u>	<u>\$ 3,683,421</u>

See accompanying notes to financial statements and independent auditor's report.

**CITY OF CENTERVILLE, GEORGIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Amounts reported for governmental activities in the statement of activities (page 14) are different because:

Net change in fund balances - total governmental funds (page 16)	\$ 250,875
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(346,792)
Contribution of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	374,408
In the statement of activities, certain operating expenses - compensated absences (vacations) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). During this year, accrued leave increased.	(5,796)
In the statement of activities, pension expense represents the change in net pension liability from the beginning of the year to the end of the year. In the governmental funds, however, pension expense is measured by the amount of financial resources used (amount actually paid). This is the amount by which the change in net pension liability and changes in related deferred inflows and outflows of resources exceeded pension contributions paid in the current period.	188,526
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related principal payments.	<u>757,113</u>
Change in net position of governmental activities (page 14)	<u><u>\$ 1,218,334</u></u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance Final
	Original	Final		Budget with Actual Over (Under)
Revenues:				
Taxes	\$ 3,258,670	\$ 3,258,670	\$ 3,414,379	\$ 155,709
Licenses and permits	124,900	124,900	144,597	19,697
Intergovernmental	0	0	5,531	5,531
Charges for services	300	300	584	284
Fines and forfeitures	345,919	345,919	307,744	(38,175)
Probation fees	106,975	106,975	67,568	(39,407)
Interest on investments	8	8	13	5
Donations	--	9,915	9,915	--
Other	4,000	4,000	6,306	2,306
Total revenues	<u>3,840,772</u>	<u>3,850,687</u>	<u>3,956,637</u>	<u>105,950</u>
Expenditures:				
Current:				
General government:				
Legislative	80,077	80,077	74,338	(5,739)
Financial administration	473,332	473,332	432,814	(40,518)
Law	188,226	188,226	177,512	(10,714)
Elections	--	--	--	--
Total general government	<u>741,635</u>	<u>741,635</u>	<u>684,664</u>	<u>(56,971)</u>
Municipal court	<u>144,304</u>	<u>144,304</u>	<u>137,486</u>	<u>(6,818)</u>
Probation	<u>60,922</u>	<u>62,559</u>	<u>61,722</u>	<u>(837)</u>
Public safety:				
Fire	1,133,788	1,150,496	1,045,950	(104,546)
Police	1,552,366	1,552,366	1,369,386	(182,980)
Animal control	60,866	60,866	60,089	(777)
Total public safety	<u>2,747,020</u>	<u>2,763,728</u>	<u>2,475,425</u>	<u>(288,303)</u>
Public works:				
Streets	308,966	458,966	234,953	(224,013)
Protective inspection	47,519	47,519	38,604	(8,915)
Total public works	<u>356,485</u>	<u>506,485</u>	<u>273,557</u>	<u>(232,928)</u>
Parks	--	35,000	10,000	(25,000)
Economic development	<u>60,617</u>	<u>63,870</u>	<u>63,057</u>	<u>(813)</u>
Debt service:				
Principal	144,132	144,132	139,240	(4,892)
Interest	7,109	7,109	6,820	(289)
Total debt service	<u>151,241</u>	<u>151,241</u>	<u>146,060</u>	<u>(5,181)</u>
Total expenditures	<u>4,262,224</u>	<u>4,468,822</u>	<u>3,851,971</u>	<u>(616,851)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(421,452)</u>	<u>(618,135)</u>	<u>104,666</u>	<u>722,801</u>
Other financing sources (uses):				
Transfers in	255,744	255,744	100,323	(155,421)
Transfers out	--	(29,790)	(29,790)	--
Appropriated fund balance	165,708	392,181	--	(392,181)
Total other financing sources (uses)	<u>421,452</u>	<u>618,135</u>	<u>70,533</u>	<u>(547,602)</u>
Net change in fund balance	<u>\$ --</u>	<u>\$ --</u>	<u>175,199</u>	<u>\$ 175,199</u>
Fund balance, beginning of year			<u>3,267,367</u>	
Fund balance, end of year			<u><u>\$ 3,442,566</u></u>	

See accompanying notes to financial statements and independent auditor's report.

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities - Enterprise Funds			Total
	Major		Nonmajor	
	Water and Sewer	Sanitation	Storm Water Utility	
<u>ASSETS:</u>				
Current assets:				
Cash and cash equivalents	\$ 4,453,790	\$ --	\$ 118,738	\$ 4,572,528
Receivables, net of write-offs:				
Accounts	26,717	13,537	12,421	52,675
Unbilled accounts	173,061	80,635	19,383	273,079
Interfund	121,032	--	14,189	135,221
Accrued interest	160	--	--	160
Inventory, at cost	62,191	--	--	62,191
Prepays	20,986	--	--	20,986
Total current assets	<u>4,857,937</u>	<u>94,172</u>	<u>164,731</u>	<u>5,116,840</u>
Noncurrent assets:				
Capital assets:				
Land and other non-depreciable assets	1,629,586	--	--	1,629,586
Buildings and improvements, net of accumulated depreciation	3,654,011	4,780	--	3,658,791
Capital assets, net	<u>5,283,597</u>	<u>4,780</u>	<u>--</u>	<u>5,288,377</u>
Net pension asset	78,574	--	--	78,574
Total noncurrent assets	<u>5,362,171</u>	<u>4,780</u>	<u>--</u>	<u>5,366,951</u>
Total assets	<u>10,220,108</u>	<u>98,952</u>	<u>164,731</u>	<u>10,483,791</u>
<u>DEFERRED OUTFLOWS OF RESOURCES-</u>				
Deferred outflows related to pensions	<u>34,794</u>	<u>--</u>	<u>--</u>	<u>34,794</u>

	Business-type Activities - Enterprise Funds			Total
	Major		Nonmajor	
	Water and Sewer	Sanitation	Storm Water Utility	
<u>LIABILITIES:</u>				
Current liabilities:				
Accounts payable	379,746	61,089	425	441,260
Retainage payable	84,584	--	--	84,584
Other liabilities	17,186	--	1,444	18,630
Accrued interest payable	763	--	--	763
Customer deposits	271,490	--	--	271,490
Interfund payable	14,189	--	--	14,189
Compensated absences	27,506	--	--	27,506
Notes payable	34,538	--	--	34,538
Total current liabilities	830,002	61,089	1,869	892,960
Noncurrent liabilities:				
Compensated absences	12,503	--	--	12,503
Notes payable (net of current portion)	236,223	--	--	236,223
Total noncurrent liabilities	248,726	--	--	248,726
Total liabilities	1,078,728	61,089	1,869	1,141,686
<u>DEFERRED INFLOWS OF RESOURCES-</u>				
Deferred inflows related to pensions	146,339	--	--	146,339
<u>NET POSITION:</u>				
Net investment in capital assets	5,012,836	4,780	--	5,017,616
Unrestricted	4,016,999	33,083	162,862	4,212,944
Total net position	\$ 9,029,835	\$ 37,863	\$ 162,862	\$ 9,230,560

See accompanying notes to financial statements and independent auditor's report.

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	
	Water and Sewer	Sanitation	Storm Water Utility	Total
Operating revenues:				
Charges for services	\$ 2,283,456	\$ 963,627	\$ 228,105	\$ 3,475,188
Other	88,240	16,505	--	104,745
Total operating revenues	<u>2,371,696</u>	<u>980,132</u>	<u>228,105</u>	<u>3,579,933</u>
Operating expenses:				
Personal services	727,488	--	30,555	758,043
Contractual services	682,271	726,122	30,590	1,438,983
Supplies	170,998	1,804	3,161	175,963
Materials	122,618	4,000	750	127,368
Heat, light, and power	93,403	2,471	--	95,874
Bad debt expense	23,471	9,987	187	33,645
Depreciation	199,845	--	--	199,845
Total operating expenses	<u>2,020,094</u>	<u>744,384</u>	<u>65,243</u>	<u>2,829,721</u>
Operating income	<u>351,602</u>	<u>235,748</u>	<u>162,862</u>	<u>750,212</u>
Nonoperating revenues (expenses):				
Interest revenue	619	--	--	619
Interest expense	(14,240)	--	--	(14,240)
Total nonoperating expenses, net	<u>(13,621)</u>	<u>--</u>	<u>--</u>	<u>(13,621)</u>
Net income before transfers	<u>337,981</u>	<u>235,748</u>	<u>162,862</u>	<u>736,591</u>
Transfers in	164,806	--	--	164,806
Transfers out	(8,560)	(235,016)	--	(243,576)
Net transfers	<u>156,246</u>	<u>(235,016)</u>	<u>--</u>	<u>(78,770)</u>
Change in net position	<u>494,227</u>	<u>732</u>	<u>162,862</u>	<u>657,821</u>
Net position, beginning	<u>8,535,608</u>	<u>37,131</u>	<u>--</u>	<u>8,572,739</u>
Net position, ending	<u>\$ 9,029,835</u>	<u>\$ 37,863</u>	<u>\$ 162,862</u>	<u>\$ 9,230,560</u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	
	Water and Sewer	Sanitation	Storm Water Utility	Total
Cash flows from operating activities:				
Cash received from customers	\$ 2,312,721	\$ 975,595	\$ 196,488	\$ 3,484,804
Cash received from other	88,240	16,505	--	104,745
Cash paid to suppliers for goods and services	(97,465)	(26,182)	(18,049)	(141,696)
Cash paid to employees for services	(551,668)	--	(22,314)	(573,982)
Cash paid for contractual services	(682,271)	(726,122)	(30,590)	(1,438,983)
Cash paid for employee taxes and benefits	(223,657)	--	(6,797)	(230,454)
Net cash provided by operating activities	<u>845,900</u>	<u>239,796</u>	<u>118,738</u>	<u>1,204,434</u>
Cash flows from noncapital financing activities:				
Transfers in	164,806	--	--	164,806
Transfers out	(8,560)	(235,016)	--	(243,576)
Net cash provided (used) by noncapital financing activities	<u>156,246</u>	<u>(235,016)</u>	<u>--</u>	<u>(78,770)</u>
Cash flows from capital financing activities:				
Payment of interest	(14,714)	--	--	(14,714)
Acquisition and construction of capital assets	(1,046,159)	(4,780)	--	(1,050,939)
Payment of notes payable	(65,984)	--	--	(65,984)
Net cash used by capital financing activities	<u>(1,126,857)</u>	<u>(4,780)</u>	<u>--</u>	<u>(1,131,637)</u>
Cash flows from investing activities -				
Interest revenue	459	--	--	459
Net cash provided by investing activities	<u>459</u>	<u>--</u>	<u>--</u>	<u>459</u>
Net increase (decrease) in cash and cash equivalents	(124,252)	--	118,738	(5,514)
Cash and cash equivalents, beginning of year	4,578,042	--	--	4,578,042
Cash and cash equivalents, end of year	<u>\$ 4,453,790</u>	<u>\$ --</u>	<u>\$ 118,738</u>	<u>\$ 4,572,528</u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	
	Water and Sewer	Sanitation	Storm Water Utility	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 351,602	\$ 235,748	\$ 162,862	\$ 750,212
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Depreciation	199,845	--	--	199,845
Pension expense	(20,719)	--	--	(20,719)
Decrease (increase) in assets:				
Accounts receivable	5,402	1,714	(12,421)	(5,305)
Unbilled accounts	39,734	267	(19,383)	20,618
Interfund receivable	(121,032)	--	(14,189)	(135,221)
Inventory	(1,943)	--	--	(1,943)
Prepays	(249)	--	--	(249)
Deferred outflows	12,910	--	--	12,910
Net pension asset	(38,927)	--	--	(38,927)
Increase (decrease) in liabilities:				
Accounts payable	314,005	2,067	425	316,497
Retainage payable	84,584	--	--	84,584
Other liabilities	3,702	--	1,444	5,146
Customer deposits	7,600	--	--	7,600
Interfund payable	14,189	--	--	14,189
Compensated absences	972	--	--	972
Deferred inflows	(5,775)	--	--	(5,775)
Net cash provided by operating activities	<u>\$ 845,900</u>	<u>\$ 239,796</u>	<u>\$ 118,738</u>	<u>\$1,204,434</u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2017

	<u>Municipal Court Fund</u>
<u>ASSETS</u>	
Cash	\$ 29,742
Due from others	5,655
Total assets	<u>\$ 35,397</u>
<u>LIABILITIES</u>	
Due to others	\$ 35,397
Total liabilities	<u>\$ 35,397</u>

See accompanying notes to financial statements and independent auditor's report.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Centerville, Georgia (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

A. Reporting Entity

The City operates under a charter adopted on March 25, 1958. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, culture-recreation, public improvements, planning and zoning, and general administrative services. In addition, the City provides water and sewer services, sanitation services as well as storm water utility services. These financial statements present the government entities for which the City is considered to be financially accountable.

B. Joint Venture

The City is a member of the Middle Georgia Regional Commission (MGRC). Membership in a Regional Commission is automatic for each municipality and county in the State. The official Code of Georgia Section 50-8-34 (Georgia Planning Act of 1989) provides for the organizational structure of the Regional Commissions. The Regional Commission Board membership includes the chief elected officials of each county and the chief elected official of each municipality. The county board members and municipal board members from the same county elect one member of the board who is a resident (but not an elected or appointed official or employee of the county or municipality) to serve as the non-public board member from a county.

The Georgia Planning Act of 1989 (O.C.G.A. 50-8-34) defines Regional Commissions as public agencies and instrumentalities of their members. Georgia laws also provide that the member governments are liable for any debts or obligations of a Regional Commission beyond its resources. (O.C.G.A. 50-8-39.1) Separate financial statements may be obtained from the Middle Georgia Regional Commission.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

C. Government-wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. Government-wide financial statements do not provide information by fund, but distinguish between the City's governmental activities and business-type activities. Governmental activities, which are supported by taxes and intergovernmental revenues are reported separately from business-type activities, which rely on user fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes, investment earnings and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the proprietary fund statements. The fiduciary fund financial statements are reported on the accrual basis of accounting yet the agency fund has no measurement focus. 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.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, special purpose local option sales taxes, franchise taxes, other taxes, licenses and permits, intergovernmental revenues, investment earnings and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major funds:

General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

SPLOST Fund is a capital project fund. It is for Special Purpose Local Option Sales Tax amounts collected and spent on various projects and the construction and acquisition of capital assets.

Transportation Enhancement Fund is a capital project fund. It accounts for Georgia Department of Transportation (GDOT) grant funds collected and spent for construction of sidewalks within the City.

Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Sanitation System Fund was established for control of the operating revenues and expenses relating to garbage pickup and disposal.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Additionally, the City reports the following fund types:

Special Revenue Funds – are used to account for revenue sources that are legally restricted to expenditure for specific purposes (not including capital projects).

Capital Projects Funds – are used to account for the acquisition of capital assets or construction of major capital projects not being financed by the proprietary fund.

Fiduciary Funds – are used to account for resources that are held by the City as trustee or agent and cannot be used for support of the City’s own programs.

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

Amounts reported as program revenues include 1) charges for services or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. Other revenue sources not properly included with program revenues are reported as general revenues of the City.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise funds are charges to customers for sales and service. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Assets, Liabilities, and Net Position

1. ***Cash and Cash Equivalents*** - include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the City. Investments are stated at cost.

State statutes authorize the City to invest in certificates of deposit, obligations of the U.S. Treasury, repurchase agreements and money market accounts.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Assets, Liabilities, and Net Position

- 2. *Interfund Balances*** - Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund receivables” or “interfund payables”. Interfund balances are eliminated in the government wide statement of activities. In the statement of net position, these amounts are eliminated in the governmental and business-type activities columns except for any net residual amounts due between governmental and business-type activities, which if present, are reclassified and presented as internal balances.
- 3. *Accounts Receivable and Taxes Receivable*** - All trade and delinquent property tax receivables are shown net of an allowance for uncollectibles. The enterprise fund receivables over ninety days are generally written off at year-end. Property taxes not collected by the year-end are recorded in the allowance for uncollectible accounts.

Property taxes levied are recorded as receivables and recognized as revenues in the year they become due. The property tax calendar is as follows:

Date millage rate is set	Sep 6, 2016
Lien date	Jan 1, 2017
Due date	Dec 20, 2016
Collection dates	Oct 7, 2016 – Dec 20, 2016
Delinquent date	Dec 21, 2016

- 4. *Unbilled Service Receivables*** - Unbilled service receivables have been accrued at year-end. This accounting is consistent with prior years.
- 5. *Allowance for Uncollectible Accounts*** - Allowances for uncollectible accounts are maintained for all types of receivables which historically experience uncollectible accounts.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Assets, Liabilities, and Net Position

- 6. *Interfund Transactions*** - The City has several types of interfund transactions.

Services rendered transactions are accounted for as revenues and expenditures in the funds involved. Operating appropriations/subsidies are accounted for as transfers in the funds involved. Intrafund transfers, except interfund services provided and used and reimbursements, are reported as transfers in or out in the funds involved as other financing sources.

- 7. *Capital Contributions*** - The portion of the 2012 SPLOST referendum attributable to the water and sewer improvements are recorded as contributions in the funds involved.

- 8. *Inventories and Prepaid Items*** - The costs of the City's inventories are recorded as expenditures when purchased. Certain payments to vendors, such as insurance, reflects costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and proprietary funds. Prepayments of insurance in the general fund are recorded using the purchase method and recognize the entire prepayment as an expenditure in the period the payment is made.

- 9. *Capital Assets*** - Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Capital assets are defined by the City as assets which cost more than \$5,000 and an estimated useful life in excess of two years. Contributed assets are recorded at fair market value as of the date donated. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized in the government-wide financial statements.

Capital assets are depreciated in the City using the straight line method over the following estimated useful lives:

Building and infrastructure	50 years
Furniture and equipment	5-15 years
Trucks and tractors	3-7 years
Distribution plants	50 years

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Assets, Liabilities, and Net Position

- 10. *Compensated Absences*** - All full-time employees earn annual leave. Unused annual leave not exceeding thirty days may be carried into the next calendar year. Payment for unused annual leave will be made upon resignation of an employee provided that proper notice is given.

The City provides sick leave to eligible employees in accordance with provisions of the personnel policy. It is the City's policy to record the cost of sick leave when it is used. Unused sick leave not exceeding 180 days may be carried into the next calendar year. At the time of retirement any unused sick leave is added to the employees' length of service.

Accrued annual leave incurred in the proprietary fund is reported as a fund liability in that fund. In governmental fund types, annual leave is recorded as a liability only if they have matured, for example, as a result of employee resignations and retirements. In special circumstances, employees may be reimbursed for unused vacation time at year-end.

- 11. *Pensions*** – For purposes of measuring the net pension asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Georgia Municipal Employees Benefit System (GMEBS) and additions to/deductions from the GMEBS fiduciary net position have been determined on the same basis as they are reported to GMEBS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

- 12. *Long-term Obligations*** - In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Assets, Liabilities, and Net Position

13. *Deferred Outflows/inflows of Resources* - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflow of resources, represents a consumption of net position that applies to a future period or periods and so will not be recognized as an outflow of resources (expenses/expenditure) until then. Deferred outflows relating to its pension asset consist of a net difference between projected and actual earnings on pension plan investments and contributions made to the pension plan after the plan year end but before the City's fiscal year end. See Note IV.C. for additional information on the deferred outflows related to pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources (revenues) until that time. Deferred inflows relating to its pension asset consist of demographic changes, investment differences, and assumption changes within the plan. See Note IV. C for additional information on deferred inflows to pensions.

14. *Net Positions* - The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets (net of related debt), restricted and unrestricted.

- **Net Investment in Capital Assets** - is intended to reflect the portion of net position which is associated with non-liquid capital assets less outstanding capital asset related debt.
- **Restricted Net Position** - represent funds for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.
- **Unrestricted Net Position** - represent unrestricted liquid assets. While City management may have categorized and segmented portions for various purposes, the City Council has the authority to revisit or alter these managerial decisions. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

E. Assets, Liabilities, and Net Position

15. *Management Estimates* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the period. Actual results could differ from those estimates.

F. Fund Balances – Governmental Funds

As of June 30, 2017, fund balances of the governmental funds are classified as follows:

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

Restricted - Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - Amounts that can be used only for specific purposes determined by a formal action of City Council. City Council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by City Council.

Assigned - Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the City Council may assign amounts for specific purposes.

Unassigned - All other spendable amounts.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Fund Balances – Governmental Funds

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

The City's policy is to maintain a minimum unassigned fund balance in the general fund and unrestricted net position in the enterprise fund equivalent to six months operating expenditures/expenses. The City's policy also requires that enterprise funds maintain an additional \$1.5 million for future water and sewer improvements.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budget Policy and Budgetary Data

Budgets are adopted for the general, special revenue, capital project and proprietary funds on an annual basis.

The budgets for the general, special revenue and capital project funds are adopted on a basis consistent with generally accepted accounting principles. Budgets are prepared for the proprietary funds as a management control device. Department heads are responsible for submitting budget requests in the spring of each year. The City Accountant reviews the requests, meets with the department heads and the budget sub-committee and then creates a formal budget for the following year to be presented to the Mayor and Council. The budget hearing is publicly advertised and held in accordance with Georgia law. Thereafter, the Mayor and Council adopt a formal budget. The budgetary legal level of control is at the department level. All appropriations except Capital Projects Funds lapse at year-end. There were no material purchase orders, contracts, or other commitments that should have been encumbered.

Encumbrances represent commitments related to unperformed contracts for goods or services. The City does not utilize encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriations.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

A summary of the City's deposits and investments at June 30, 2017 follows:

	Account Balances
Petty cash	\$ 15,748
Demand deposits	8,221,413
Certificates of deposit	124,533
	\$ 8,361,694

	Ownership of Funds
Primary government:	
Governmental funds:	
Cash	\$ 3,774,333
Certificate of deposit	14,833
	3,789,166
Proprietary funds:	
Cash	4,462,828
Certificate of deposit	109,700
	4,572,528
Total reporting entity	\$ 8,361,694

Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits (in excess of FDIC insurance) may not be returned to the City.

Deposits:

State statutes require banks holding public funds to secure these funds by Federal Deposit Insurance Corporation (FDIC) insurance, securities pledged at par value and surety bonds at face value in combined aggregate totaling not less than 110 percent of the public funds held. As of June 30, 2017, the City's bank balances were insured or collateralized with securities held by the City or by its agent in the City's name or with securities held by the pledging financial institution's trust department or agent in the City's name.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Investments:

State statutes authorize the City to invest in obligations of the State of Georgia or other states; obligations issued by the U.S. Government; obligations fully insured or guaranteed by the U.S. Government or by a government agency of the United States; obligations of any corporation of the U.S. Government; prime bankers acceptances; the local government investment pool established by Georgia law; repurchase agreements; and obligations of other political subdivisions of the State of Georgia; and additionally, certificates of deposits, negotiable orders for withdrawal (NOW) accounts and money market accounts of banks which have deposits insured by the FDIC; provided, however, that portion of such investment shall be secured by direct obligations of the State of Georgia or the United States which are of a par value equal to 110 percent of funds on deposit at the institution.

B. Leases

Capital Leases

The City has entered into a lease/purchase agreement for the purchase of an animal control vehicle. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date. Current year depreciation expense is \$4,240. This lease was paid off as of June 30, 2017.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

C. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

Primary Government

	Balance June 30, 2016	Increases	Decreases	Transfers/ Reclassifications	Balance June 30, 2017
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 371,102	\$ --	\$ --	\$ --	\$ 371,102
Construction in progress	3,615,897	563,291	--	(19,284)	4,159,904
Total capital assets not being depreciated	<u>3,986,999</u>	<u>563,291</u>	<u>--</u>	<u>(19,284)</u>	<u>4,531,006</u>
Capital assets, being depreciated:					
Buildings and improvements	5,220,214	--	--	--	5,220,214
Infrastructure	13,565,490	8,139	--	19,284	13,592,913
Machinery and equipment	2,071,651	79,696	5,550	--	2,145,797
Total capital assets being depreciated	<u>20,857,355</u>	<u>87,835</u>	<u>5,550</u>	<u>19,284</u>	<u>20,958,924</u>
Less accumulated depreciation for:					
Buildings and improvements	736,892	106,340	--	--	843,232
Infrastructure	1,646,407	271,448	--	--	1,917,855
Machinery and equipment	1,040,082	245,721	5,550	--	1,280,253
Total accumulated depreciation	<u>3,423,381</u>	<u>623,509</u>	<u>5,550</u>	<u>--</u>	<u>4,041,340</u>
Total capital assets being depreciated, net	<u>17,433,974</u>	<u>(535,674)</u>	<u>--</u>	<u>19,284</u>	<u>16,917,584</u>
Governmental activities capital assets, net	<u>\$ 21,420,973</u>	<u>\$ 27,617</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 21,448,590</u>

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

C. Capital Assets

Primary Government

	Balance <u>June 30, 2016</u>	Increases	Decreases	Transfers/ Reclassifications	Balance <u>June 30, 2017</u>
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 637,317	\$ 161,145	\$ --	\$ --	\$ 798,462
Construction in progress	--	831,124	--	--	831,124
Total capital assets not being depreciated	<u>637,317</u>	<u>992,269</u>	<u>--</u>	<u>--</u>	<u>1,629,586</u>
Capital assets, being depreciated:					
Buildings and improvements	88,388	--	--	--	88,388
Infrastructure	6,773,131	49,990	--	--	6,823,121
Machinery and equipment	<u>755,061</u>	<u>8,680</u>	<u>5,550</u>	<u>--</u>	<u>758,191</u>
Total capital assets being depreciated	<u>7,616,580</u>	<u>58,670</u>	<u>5,550</u>	<u>--</u>	<u>7,669,700</u>
Less accumulated depreciation for:					
Buildings and improvements	41,464	2,862	--	--	44,326
Infrastructure	3,291,063	150,370	--	--	3,441,433
Machinery and equipment	<u>484,087</u>	<u>46,613</u>	<u>5,550</u>	<u>--</u>	<u>525,150</u>
Total accumulated depreciation	<u>3,816,614</u>	<u>199,845</u>	<u>5,550</u>	<u>--</u>	<u>4,010,909</u>
Total capital assets being depreciated, net	<u>3,799,966</u>	<u>(141,175)</u>	<u>--</u>	<u>--</u>	<u>3,658,791</u>
Business-type activities capital assets, net	<u>\$ 4,437,283</u>	<u>\$ 851,094</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,288,377</u>

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

C. Capital Assets

Depreciation expense was charged to functions/programs of the primary government as follows:

Depreciation

Governmental activities:	
General government	\$ 41,805
Municipal court	31,096
Public safety	276,521
Streets	<u>274,087</u>
Total depreciation expense - governmental activities	<u>\$ 623,509</u>
Business-type activities -	
Water and sewer	<u>\$ 199,845</u>
Total depreciation expense - business-type activities	<u>\$ 199,845</u>

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

D. Interfund Receivables, Payables and Transfers

A summary of individual interfund receivable and payable balances at June 30, 2017, and a summary of fund transfers for the year then ended follows:

Receivable Fund	Payable Fund	Amount
Governmental activities:		
LMIG Fund	General Fund	\$ 82,257
Total governmental activities		\$ 82,257
 Business-type activities:		
Water & Sewer Fund	Transportation Enhancement Fund	121,032
Storm Water Utility Fund	Water & Sewer Fund	14,189
Total business-type activities		135,221
Total		\$ 217,478

Interfund balances reflect:

- Deposits held in the General Fund for the Local Maintenance and Improvement Grant (LMIG) capital project.
- Funds held in the Transportation Enhancement Fund for the Water & Sewer Fund.
- Fees collected by the Water & Sewer Fund for the Storm Water Utility Fund.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

D. Interfund Receivables, Payables and Transfers

	Transfer in:			Total
	General Fund	Water and Sewer Fund	LMIG Fund	
Transfer out:				
Governmental Funds:				
General	\$ --	\$ 29,790	\$ --	\$ 29,790
Total	--	29,790	--	29,790
Proprietary Funds:				
Water and Sewer	323	--	8,237	8,560
Sanitation	100,000	135,016	--	235,016
Total	100,323	135,016	8,237	243,576
	<u>\$ 100,323</u>	<u>\$ 164,806</u>	<u>\$ 8,237</u>	<u>\$ 273,366</u>

Interfund transfers reflect:

- Expenditures paid by general fund on behalf of water & sewer fund.
- Payables paid by water & sewer fund for LMIG Project – Resurfacing of roads
- Expenditures paid by water & sewer fund on behalf of general fund.
- Budgeted transfers from sanitation fund to the general fund
- Enterprise interfund receivables/payables not scheduled to be repaid in future years.

E. Intergovernmental Receivables

Government	Fund	Amount
Georgia Department of Transportation	General Fund	\$ 96,826
Total due from other governments		<u>\$ 96,826</u>

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

F. Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments/ Retirements</u>	<u>Ending Balance</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Governmental activities:						
Compensated absences	\$ 113,084	\$ 92,940	\$ 87,144	\$ 118,880	\$ 83,005	\$ 35,875
Notes payable - other	1,661,875	--	747,581	914,294	749,385	164,909
Capital lease	<u>9,532</u>	<u>--</u>	<u>9,532</u>	<u>--</u>	<u>--</u>	<u>--</u>
Governmental activity - long-term liabilities	<u>\$ 1,784,491</u>	<u>\$ 92,940</u>	<u>\$ 844,257</u>	<u>\$ 1,033,174</u>	<u>\$ 832,390</u>	<u>\$ 200,784</u>
Business-type activities:						
Compensated absences	\$ 39,037	\$ 31,857	\$ 30,885	\$ 40,009	\$ 27,506	\$ 12,503
Note payable-other	<u>336,745</u>	<u>--</u>	<u>65,984</u>	<u>270,761</u>	<u>34,538</u>	<u>236,223</u>
Business-type activity - long-term liabilities	<u>\$ 375,782</u>	<u>\$ 31,857</u>	<u>\$ 96,869</u>	<u>\$ 310,770</u>	<u>\$ 62,044</u>	<u>\$ 248,726</u>

Compensated absences for governmental activities are generally liquidated by the general fund. For business-type activities, compensated absences are liquidated by the proprietary fund.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

F. Long-Term Obligations

Notes Payable – Other – Governmental Activities

On April 3, 2013 the City entered into an Installment Sale Agreement with Georgia Municipal Association (GMA) for the purpose of acquiring, constructing, renovating and equipping the Law Enforcement Center and Municipal Court Facility (Project Facilities). Under the Agreement, GMA is the seller and the City is the purchaser. GMA agreed to finance and own the Project Facilities until all installment payments have been paid by the City. GMA has assigned the agreement to Branch Banking and Trust Company (BB&T), who advanced \$3,000,000 into an escrow fund to pay the cost of constructing, renovating and equipping the Project Facilities.

	Balance June 30, 2016	Additions	Payments	Balance June 30, 2017
BB&T	\$ 1,225,259	\$ --	\$ (608,341)	\$ 616,918

The obligation of the City to make payments under the Agreement shall be payable only from funds lawfully appropriated by the City for such purpose and shall not constitute a pledge of the full faith and credit of the City within meaning of any constitutional debt limitations. Furthermore, the City intends to fulfill its payment obligations under the Agreement from revenues received pursuant to the City’s share of Houston County, Georgia’s one percent sales and use tax (“SPLOST”); however, the SPLOST’s revenues are not pledged to such payments and the City is not limited to the SPLOST revenues in fulfilling its payment obligations under the Agreement. The taxing power of the City is not and may not be pledged in any way directly or contingently to secure any moneys due under the Agreement.

The Agreement expires April 1, 2018, subject to the City’s right to terminate this Agreement effective as of each December 31 during the term of the Agreement. Annual payments of \$625,617 are made including interest of 1.41%. Prepayment may be made in whole on any scheduled payment date and is subject to a prepayment premium of 1% of the balance outstanding. The Project Facilities are pledged to Branch Banking and Trust Company as collateral.

As of June 30, 2014 this project was completed.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

F. Long-Term Obligations

Notes Payable – Other – Governmental Activities

The requirements to amortize the note payable to BB&T as of June 30, 2017 are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2018	<u>\$ 616,918</u>	<u>\$ 8,699</u>	<u>\$ 625,617</u>
Total	<u><u>\$ 616,918</u></u>	<u><u>\$ 8,699</u></u>	<u><u>\$ 625,617</u></u>

On December 11, 2014 the City entered into an Installment Sale Agreement with Georgia Municipal Association (GMA) for the purpose of purchasing fire department equipment. Under the agreement, GMA is the seller and the City is the purchaser. GMA agreed to finance and own the equipment until all payments are made by the City. GMA has assigned the agreement to Branch Banking and Trust Company (BB&T), who advanced \$35,620 to purchase the equipment. Quarterly installments are paid to BB&T in the amount of \$3,104 inclusive of interest at the rate of 3.29%. The last payment is scheduled for September 15, 2017.

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance June 30, 2017</u>
BB&T	<u>\$ 15,143</u>	<u>\$ --</u>	<u>\$ (12,065)</u>	<u>\$ 3,078</u>

The requirements to amortize this loan payable to Branch Banking and Trust Company as of June 30, 2017 are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2018	<u>\$ 3,078</u>	<u>\$ 25</u>	<u>\$ 3,103</u>
Total	<u><u>\$ 3,078</u></u>	<u><u>\$ 25</u></u>	<u><u>\$ 3,103</u></u>

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

F. Long-Term Obligations

Notes Payable – Other – Governmental Activities

On July 21, 2015 the City entered into an Installment Sale Agreement with Georgia Municipal Association (GMA) for the purpose of purchasing patrol vehicles for the police department. Under the agreement, GMA is the seller and the City is the purchaser. GMA agreed to finance and own the equipment until all payments are made by the City. GMA has assigned the agreement to Branch Banking and Trust Company (BB&T), who advanced \$515,424 to purchase the equipment. Quarterly installment payments are made to BB&T in the amount of \$33,411 inclusive of interest at the rate of 1.730%. The last payment is scheduled for July 31, 2019.

	Balance June 30, 2016	Additions	Payments	Balance June 30, 2017
BB&T	\$ 421,473	\$ --	\$ (127,175)	\$ 294,298

The requirements to amortize this loan payable to Branch Banking and Trust Company as of June 30, 2017 are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2018	\$ 129,389	\$ 4,255	\$ 133,644
2019	131,642	2,002	133,644
2020	33,267	144	33,411
Total	\$ 294,298	\$ 6,401	\$ 300,699

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

III. DETAILED NOTES ON ALL FUNDS

F. Long-Term Obligations

Note Payable – Other – Business-Type Activities

On March 18, 2008, the City entered into an agreement to borrow an amount not to exceed \$788,914 from Georgia Environmental Facilities Authority (GEFA) for the Sentry Oaks Sewer Project. The balance of the advances as of June 1, 2011 was \$608,571 and became a permanent loan on June 1, 2011. The monthly installment payments are to be made to GEFA in the amount of \$3,817 and the interest rate is 4.40%. The last payment is scheduled for May 1, 2024.

	Balance June 30, 2016	Additions	Payments	Balance June 30, 2017
GEFA	\$ 336,745	\$ --	\$ (65,984)	\$ 270,761

The requirements to amortize the loan payable to GEFA as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total Payment
2018-2022	\$ 189,117	\$ 39,924	\$ 229,041
2023-2024	81,644	3,536	85,180
Total	\$ 270,761	\$ 43,460	\$ 314,221

In FY 2017 the City paid additional principal on this loan in the amount of \$34,890. Original maturity date of loan was June 1st, 2031. Additional principal payments have reduced the term of the loan changing the maturity date to May 1st, 2024.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City joined the Georgia Interlocal Risk Management Agency (GIRMA) in 1999. This membership allows the City to share liability, crime, motor vehicle and property damage risks. The City retains the first \$5,000 of the risk of loss for the law enforcement and the errors and omissions coverage in the form of a deductible. The City files all claims with GIRMA. GIRMA bills the City for any risk of loss up to the \$5,000 deductible, if applicable. Management is not aware of any claims that the City is liable for which were outstanding and unpaid as of June 30, 2017. Settlement claims from the risks mentioned above have not exceeded insurance coverage for the past five years.

The City is a member of the Georgia Municipal Association of Workers' Compensation Self Insurance Fund. The fund operates under the authority of O.C.G.A. 34-9-150, et seq. The City pays into the fund its share of the fund's projected obligation of workers' compensation liability, administrative expenses, and other costs incurred by the fund.

The City's share is adjusted by the board of the fund according to the claim experience of each participating member in accordance with criteria set forth in the bylaws of the fund. The fund makes payments to the employees of the members for workers compensation benefits pursuant to and in accordance with the claims procedures set forth in title 34, chapter 9 O.C.G.A. The City is jointly and severally liable for all legal obligations of the fund, including, but not limited to, any obligations of the fund to pay claims against the fund arising out of any occurrence, incident, or accident covered under title 34, chapter 9 of O.C.G.A.

As a part of these risk pools, the City is obligated to pay all contributions and assessments as prescribed by the pools, to cooperate with the pools' agents and attorneys, to follow loss reduction procedures established by the funds, and to report as promptly as possible, and in accordance with any coverage descriptions issued, all incidents which could result in the funds being required to pay any claims of loss. The City is also to allow the pools' agents and attorneys to represent the City in investigation, settlement discussion and all levels of litigation arising out of any claim made against the City within the scope of loss protection furnished by the funds.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION

A. Risk Management

The funds are to defend and protect the members of the funds against liability or loss as prescribed in the member government contract and in accordance with the worker's compensation law of Georgia. The funds are to pay all costs taxed against members in any legal proceeding defended by the members, all interest accruing after entry of judgment, and all expenses incurred for investigation, negotiation or defense. Settled claims in the past three years have not exceeded coverage.

B. Contingencies and Other

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Excess of Expenditures Over Appropriations – In the City's General Fund there were no actual expenditures in excess of its budgeted appropriations during fiscal year 2017.

Other Contingencies and Pending Litigation - Certain claims, suits, and complaints arising in the ordinary course of operations have been filed or are pending against the City. In the opinion of the City's management and the City's attorney, all such matters are adequately covered by insurance, or if not so covered are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the City if disposed of unfavorably.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION

C. Pension Plan

The City's defined benefit pension plan provides pensions for all permanent full-time general and public safety employees of the City. The plan is part of an agent multiple-employer defined benefit pension plan and is administered through the Georgia Municipal Employees Benefit System. Participation in the Plan was approved by resolution of the City Council. The Georgia Municipal Employees Benefit System (GMEBS) issues a publicly available financial report that includes financial statements and may be obtained by contacting GMEBS-Retirement Trust in Atlanta, Georgia. State statutes authorize the State to establish and amend all plan provisions. The City has the right to establish and amend the benefit provisions of the plan. These amendments become effective once approved by GMEBS.

The Plan provides retirement, disability, and death benefits to vested employees and their beneficiaries. Employees are vested after 5 years. Retirement benefits are calculated at 1.5 percent of the employee's final 5-year average salary times the employee's years of service. Employees that are 65 and have 5 years of service or meet the rule of 80 with no minimum age or service requirement are eligible to retire. Employees with 10 years of continuous service are eligible for early retirement at age 55. Officials are vested immediately and will receive a retirement benefit of \$40 per month per year.

Benefit terms provide for annual cost of living adjustments of 3.25% to each employee's retirement allowance subsequent to the employee's retirement date.

As of June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	23
Inactive employees entitled to but not yet receiving benefits	29
Active employees	<u>57</u>
	<u><u>109</u></u>

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION

C. Pension Plan

Contributions – The GMEBS board of Trustees has adopted an actuarial funding policy for determination of annual contributions and the systematic funding of liabilities arising under the Plan. The annual minimum contribution is the sum of 1) the normal cost (including administrative expenses), 2) the closed level dollar amortization of the unfunded actuarial accrued liability over a period that ranges from 10 to 30 years based on the funding policy adopted by the GMEBS Board of Trustees, and 3) interest on these amounts from the valuation date to the date contributions are paid (assumed monthly). The GMEBS board of Trustees has adopted an actuarial funding policy that requires a different funding level than the state estimated minimum annual contribution in an effort to minimize fluctuations in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. The City’s recommended contribution rate for the year ended June 30, 2017 was 7.35 percent of covered payroll. The City’s contributions to the plan for the year ended June 30, 2017 was \$145,502 and meets or exceeds the minimum funding requirements of Georgia Statute 47-20. Participants in the plan are not required to contribute.

Net Pension Asset - The City’s net pension asset was measured as of September 30, 2016, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2017.

The total pension liability in the September 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.75 percent, net pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Healthy Mortality Table with sex-distinct rates, set forward two years for males and one year for females.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period of January 1, 2010 through June 30, 2014.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION

C. Pension Plan

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of arithmetic real rates of return for each major asset class as of September 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	45%	6.75%
International equity	20%	7.45%
Real estate	10%	4.55%
Global fixed income	5%	3.30%
Domestic fixed income	20%	1.75%
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at currently contractually required rates which have been actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all of the projected benefit payments to determine the total pension liability.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION

C. Pension Plan

	Schedule of Changes in Net Pension Liability (Asset)		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance September 30, 2015	\$ 4,360,533	\$ 4,446,570	\$ (86,037)
Changes for the year:			
Service cost	98,872	--	98,872
Interest	331,470	--	331,470
Differences between expected and actual experience	(73,727)	--	(73,727)
Contributions-City	--	143,152	(143,152)
Net investment income	--	494,952	(494,952)
Benefit payments	(167,007)	(167,007)	--
Administrative expense	--	(10,373)	10,373
Other	--	--	--
Net changes	<u>189,608</u>	<u>460,724</u>	<u>(271,116)</u>
Balance September 30, 2016	<u>\$ 4,550,141</u>	<u>\$ 4,907,294</u>	<u>\$ (357,153)</u>

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.75 percent, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
City's Net Pension Liability (Asset)	\$ 307,766	\$ (357,153)	\$ (899,483)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report. The report may be obtained by writing to Georgia Municipal Employees Benefit System, 201 Pryor Street-SW, Atlanta, Georgia 30303.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION

C. Pension Plan

Pension expense and deferred outflow of resources and deferred inflows of resources related to pensions - For the year ended June 30, 2017, the City recognized pension income of \$95,533. As of June 30, 2017 the City reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ --	\$ (227,902)
Changes of assumptions	--	(233,266)
Net difference between projected and actual earnings on pension plan investments	176,046	(177,323)
Contributions subsequent to measurement date	109,127	--
Total	\$ 285,173	\$ (638,491)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2018	\$ (192,967)
2019	(192,967)
2020	(46,178)
2021	(30,333)

The required Schedule of Changes in the City's Net Pension Liability/Asset and Related Ratios and the Schedule of Contributions immediately follow the notes to the financial statements.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

IV. OTHER INFORMATION

C. Pension Plan

The City's policemen are eligible to participate in the State of Georgia Peace Officers' Annuity and Benefit Fund. The City makes no contribution to this plan. Contributions are collected by the City as the agent for this fund through its municipal court system. Peace Officers may participate by becoming members and paying monthly dues to the fund. This plan is administered through the Peace Officers' Annuity and Benefit Fund of Georgia located at 1210 Greenbelt Parkway in Griffin, Georgia where separate financial statements may be obtained.

The City's Firemen are eligible to participate in the Georgia Firefighters' Pension Fund, a voluntary pension system. The City makes no contribution to this plan. Contributions are made through monthly dues by eligible firefighters electing to participate in this plan. This plan is administered by the Georgia Firefighters' Pension Fund located at 2171 Eastview Parkway NE in Conyers, Georgia where separate financial statements may be obtained.

D. Commitments

As of June 30, 2017 the City has a commitment of \$65,797 for the future purchase of a ladder truck for the Centerville Fire Department.

A Transportation Enhancement agreement was awarded to the City by the Georgia Department of Transportation (DOT) in the original amount of \$148,800. The City has a local match requirement of 20% of the grant award amount. Project costs to date total \$146,032.

E. Evaluation of Subsequent Events

The City assessed events that have occurred subsequent to June 30, 2017 through the date of issuance for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to the disclosures in the City's statements which were available to be issued on December 15, 2017.

**CITY OF CENTERVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
LAST 10 FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Total pension liability										
Service cost	\$ 98,872	\$ 112,022	\$ 115,947							
Interest	331,470	332,127	356,024							
Changes of benefit terms	--	--	--	(Historical information prior to implementation of GASB 67/68 is not required)						
Differences between expected and actual experience	(73,727)	(280,472)	(10,809)							
Changes of assumptions	--	--	(583,163)							
Benefit payments	<u>(167,007)</u>	<u>(177,310)</u>	<u>(195,381)</u>							
Net change in total pension liability	189,608	(13,633)	(317,382)							
Total pension liability-beginning	<u>4,360,533</u>	<u>4,374,166</u>	<u>4,691,548</u>							
Total pension liability-ending (a)	<u>\$ 4,550,141</u>	<u>\$ 4,360,533</u>	<u>\$ 4,374,166</u>							
Plan fiduciary net position										
Contributions-employer	\$ 143,152	\$ 303,328	\$ 231,397							
Contributions-employee	--	--	--							
Net investment income	494,952	43,401	437,417							
Benefit payments	(167,007)	(177,310)	(195,381)							
Administrative expense	(10,373)	(11,630)	(9,368)							
Other	<u>--</u>	<u>--</u>	<u>--</u>							
Net change in plan fiduciary net position	460,724	157,789	464,065							
Plan fiduciary net position-beginning	<u>4,446,570</u>	<u>4,288,781</u>	<u>3,824,716</u>							
Plan fiduciary net position-ending (b)	<u>\$ 4,907,294</u>	<u>\$ 4,446,570</u>	<u>\$ 4,288,781</u>							
City's net pension liability (asset) -ending (a) - (b)	<u>\$ (357,153)</u>	<u>\$ (86,037)</u>	<u>\$ 85,385</u>							
Plan fiduciary net position as a percentage of the total pension liability (asset)	107.85%	101.97%	98.05%							
Covered-employee payroll	\$ 1,980,551	* \$ 1,978,438	\$ 1,849,132							
City's net pension liability (asset) as a percentage of covered-employee payroll	(18.03)%	(4.35)%	4.62%							

*Based on the valuation date of January 1, 2017

See accompanying independent auditor's report

**CITY OF CENTERVILLE, GEORGIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Actuarially determined contribution	\$ 145,502	\$ 142,369	\$ 212,926							
Contributions in relation to the actuarially determined contribution	145,502	142,369	341,044							
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (128,118)</u>							

(Historical information prior to implementation of GASB 67/68 is not required)

Covered-employee payroll	\$ 1,980,551	* \$ 1,978,438	\$ 1,849,132
Contributions as a percentage of covered-employee payroll	7.35%	7.20%	18.44%

*Based on the City's 2017 fiscal year

Notes to Schedule

Valuation Date: January 1, 2017

The Actuarially determined contribution rate was determined as of January 1, 2017, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2018.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Closed level dollar for remaining unfunded liability
Remaining amortization period	N/A
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Inflation	3.25%
Salary increases	3.25% plus service based merit increases
Investment rate of return	7.75% net pension plan investment expense, including inflation
Retirement age	65
Mortality	The mortality and economic actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014.

Other Information: This schedule is presented to illustrate the requirement to show information for 10 years. However, a full 10-year trend is not available. The Actuarially determined contribution rate was determined as of January 1, 2017, with an interest adjustment to the fiscal year. Contributions in relation to this actuarially determined contribution rate will be reported for the fiscal year ending June 30, 2018.

See accompanying independent auditor's report

**CITY OF CENTERVILLE, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017**

	<u>Special Revenue</u>	<u>Capital Project</u>	Total Nonmajor
	Confiscated		Governmental
	Assets	LMIG	Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 28,616	\$ --	\$ 28,616
Interfund receivable	--	82,257	82,257
Total assets	<u>\$ 28,616</u>	<u>\$ 82,257</u>	<u>\$ 110,873</u>
<u>LIABILITIES</u>			
Liabilities:			
Accounts payable	\$ 1,266	\$ --	\$ 1,266
Unearned revenue	--	82,257	82,257
Total liabilities	<u>1,266</u>	<u>82,257</u>	<u>83,523</u>
FUND BALANCE-			
Restricted	<u>27,350</u>	--	<u>27,350</u>
Total fund balances	<u>27,350</u>	--	<u>27,350</u>
Total liabilities and fund balances	<u>\$ 28,616</u>	<u>\$ 82,257</u>	<u>\$ 110,873</u>

See accompanying independent auditor's report

**CITY OF CENTERVILLE, GEORGIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2017**

	Special Revenue	Capital Project	Total Nonmajor Governmental Funds
	Confiscated Assets	LMIG	
Revenues -			
Confiscations	\$ 12,493	\$ --	\$ 12,493
Total revenues	<u>12,493</u>	<u>--</u>	<u>12,493</u>
Expenditures -			
Current-			
Public safety	1,000	--	1,000
Capital outlay	7,659	--	7,659
Total expenditures	<u>8,659</u>	<u>--</u>	<u>8,659</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,834</u>	<u>--</u>	<u>3,834</u>
Other financing sources			
Transfer in	<u>--</u>	<u>8,237</u>	<u>8,237</u>
Net change in fund balance	<u>3,834</u>	<u>8,237</u>	<u>12,071</u>
Fund balance, beginning of year	<u>23,516</u>	<u>(8,237)</u>	<u>15,279</u>
Fund balance, end of year	<u>\$ 27,350</u>	<u>\$ --</u>	<u>\$ 27,350</u>

See accompanying independent auditor's report

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2017</u>
ASSETS				
Cash	\$ 19,700	\$ 543,114	\$ 533,072	\$ 29,742
Due from others	425	219,197	213,967	5,655
Total assets	<u>\$ 20,125</u>	<u>\$ 762,311</u>	<u>\$ 747,039</u>	<u>\$ 35,397</u>
LIABILITIES				
Due to others	<u>\$ 20,125</u>	<u>\$ 658,720</u>	<u>\$ 643,448</u>	<u>\$ 35,397</u>
Total liabilities	<u>\$ 20,125</u>	<u>\$ 658,720</u>	<u>\$ 643,448</u>	<u>\$ 35,397</u>

See accompanying independent auditor's report

**CITY OF CENTERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CONFISCATED ASSETS – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		With Final <u>Budget</u>
Revenues-				
Confiscations	\$ --	\$ 12,493	\$ 12,493	\$ --
Total revenues	<u> --</u>	<u> 12,493</u>	<u> 12,493</u>	<u> --</u>
Expenditures:				
Current -				
Materials and supplies - State	7,000	7,000	1,000	6,000
Capital outlay-				
Machinery and equipment -DOJ	<u> --</u>	<u> 7,659</u>	<u> 7,659</u>	<u> --</u>
Total expenditures	<u> 7,000</u>	<u> 14,659</u>	<u> 8,659</u>	<u> 6,000</u>
Net change in fund balance	(7,000)	(2,166)	3,834	<u> \$ 6,000</u>
Fund balance, beginning of year	<u> 23,516</u>	<u> 23,516</u>	<u> 23,516</u>	
Fund balance, end of year	<u> \$ 16,516</u>	<u> \$ 21,350</u>	<u> \$ 27,350</u>	

See accompanying independent auditor's report

**CITY OF CENTERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
TRANSPORTATION ENHANCEMENT FUND– CAPITAL PROJECTS FUND
FROM THE INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	Prior Years Actual	Current Year Actual	Total Actual To Date	Project Authorization
Revenues				
Intergovernmental:				
Grants - State - Department of Transportation	\$ --	\$ 96,826	\$ 96,826	\$ 148,800
Total revenues	--	96,826	96,826	148,800
Expenditures				
Capital outlay:				
Infrastructure	--	121,032	121,032	148,800
Total expenditures	--	121,032	121,032	148,800
Excess (deficiency) of revenues over (under) expenditures	\$ --	\$ (24,206)	(24,206)	\$ --
Net change in fund balances		(24,206)		
Fund balance, beginning of year		--		
Fund balance (deficit), end of year		\$ (24,206)		

See accompanying independent auditor's report

**CITY OF CENTERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
LMIG GRANT CAPITAL PROJECT FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017**

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
Revenues -				
Intergovernmental -				
LMIG grant revenue	\$ --	\$ --	\$ --	\$ 63,384
Total revenues	<u> --</u>	<u> --</u>	<u> --</u>	<u>63,384</u>
Expenditures -				
Capital outlay -				
Streets	<u> --</u>	<u> --</u>	<u> --</u>	<u>83,794</u>
Total expenditures	<u> --</u>	<u> --</u>	<u> --</u>	<u>83,794</u>
Excess (deficit) of revenues over (under) expenditures	<u> --</u>	<u> --</u>	<u> --</u>	<u>(20,410)</u>
Other financing sources (uses)-				
Transfer in	<u> --</u>	<u>8,237</u>	<u>8,237</u>	<u>20,410</u>
Net change in fund balances	<u>\$ --</u>	<u>8,237</u>	<u>\$ 8,237</u>	<u>\$ --</u>
Fund balances, beginning of year		<u>(8,237)</u>		
Fund balances, ending of year		<u>\$ --</u>		

See accompanying independent auditor's report

CITY OF CENTERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL -
SPLOST – CAPITAL PROJECTS FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2017

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
Revenues -				
Intergovernmental:				
Special purpose local option sales tax	\$ 2,526,348	\$ 711,995	\$ 3,238,343	\$ 5,050,000
Interest income - loan proceeds	718	--	718	--
Interest income	5,857	1,433	7,290	--
Total revenues	<u>2,532,923</u>	<u>713,428</u>	<u>3,246,351</u>	<u>5,050,000</u>
Expenditures:				
Capital outlay:				
Road construction/reconstruction	415,438	--	415,438	706,500
Water and sewer system improvement	163,562	--	163,562	706,500
Public safety facilities and equipment	2,802,172	--	2,802,172	3,000,000
Debt service:				
Principal	1,774,741	608,341	2,383,082	589,151
Interest	102,110	17,276	119,386	47,849
Total expenditures	<u>5,258,023</u>	<u>625,617</u>	<u>5,883,640</u>	<u>5,050,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,725,100)</u>	<u>87,811</u>	<u>(2,637,289)</u>	<u>--</u>
Other financing sources(uses)-				
Loan proceeds	3,000,000	--	3,000,000	--
Transfer in(out)	(125,000)	--	(125,000)	--
Total other financing sources(uses)	<u>2,875,000</u>	<u>--</u>	<u>2,875,000</u>	<u>--</u>
Net change in fund balances	<u>\$ 149,900</u>	87,811	<u>\$ 237,711</u>	<u>\$ --</u>
Fund balance, beginning of year		<u>149,900</u>		
Fund balance, ending of year		<u>\$ 237,711</u>		

See accompanying independent auditor's report

**CITY OF CENTERVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2017**

2012 Project Description Per SPLOST Referendum	Estimated Cost		Expenditures		
	Original	Current	Prior Years	Current Year	Total
Roads, streets & sidewalks	\$ 706,500	\$ 706,500	\$ 415,438	\$ --	\$ 415,438
Water & sewer improvement	706,500	706,500	163,562	--	163,562
Debt payoff water & sewer	637,000	637,000	125,000	--	125,000
Public safety facilities & equipment	3,000,000	3,000,000	2,802,172	--	2,802,172
Sub-total	<u>5,050,000</u>	<u>5,050,000</u>	<u>3,506,172</u>	<u>--</u>	<u>3,506,172</u>
Reconciling item to adjust for principal payments on debt related to 2012 Project -					
Principal payments on debt	<u>--</u>	<u>3,000,000</u>	<u>1,876,851</u>	<u>625,617</u>	<u>2,502,468</u>
Reconciled total	<u>\$ 5,050,000</u>	<u>\$ 8,050,000</u>	<u>\$ 5,383,023</u>	<u>\$ 625,617</u>	<u>\$ 6,008,640</u>

See accompanying independent auditor's report

**II. REPORTS REQUIRED BY GOVERNMENT
 AUDITING STANDARDS**



NICHOLS, CAULEY & ASSOCIATES, LLC

400 Corder Road
Warner Robins, Georgia 31088
478-929-3888 FAX 478-923-7896
warnerrobins@nicholscauley.com

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 Honorable Mayor, City Council, and Management
City of Centerville, Georgia

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Centerville's basic financial statements, and have issued our report thereon dated December 15, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Centerville's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Centerville's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Centerville's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to either be a material weakness or a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2017-1 to be a material weakness.

To the Honorable Mayor, City Council and Management
City of Centerville, Georgia

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item 2017-2 to be a significant deficiency.

Compliance and Other Matters

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

The City of Centerville's Response to Findings

The City of Centerville's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City of Centerville's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Nichols, Cauley + Associates, LLC

Warner Robins, Georgia
December 15, 2017

CITY OF CENTERVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2017

SUMMARY OF AUDIT RESULTS:

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Centerville, Georgia.
2. Deficiencies in internal control were disclosed by the audit of the City of Centerville, Georgia's financial statements (items 2017-1 through 2017-2). We consider item 2017-1 to be a material weakness and item 2017-2 to be a significant deficiency.
3. No instances of noncompliance material to the financial statements of the City of Centerville, Georgia were disclosed during the audit.

FINANCIAL STATEMENT FINDINGS:

2017-1

Material Weakness in Internal Control Over Financial Reporting – Segregation of Duties

COMMENT:

Due to the limited number of personnel, it is sometimes necessary for certain employees to perform duties that are conflicting from an internal control perspective. Overlapping of duties exists primarily in the areas of cash receipts, cash disbursements and reconciliation functions. This overlapping of duties presents a situation where unauthorized use of assets could occur and not be detected within a timely period.

RECOMMENDATION:

In all areas it is not always cost beneficial or practical to have adequate segregation of duties. In these cases, management should implement compensating controls, which include continually exercising alert supervision of employees, rotation of employee duties, and periodic internal reviews (audits) by management or others not directly involved in the day to day operations of the specific functions being reviewed.

MANAGEMENT'S RESPONSE:

The City concurs with this recommendation and realizes that with limited personnel, adequate segregation of duties is not possible. In an effort to mitigate this deficiency, the City exercises alert supervision over employees and performs internal audits on those functions in which adequate segregation of duties is not present.

CITY OF CENTERVILLE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2017

2017-2

Significant Deficiency in Internal Control Over Financial Reporting – Accountability for Water Pumped and Sold

COMMENT:

Our review of the utility department's monthly reports of gallons of water pumped and sold indicated a total of 47,380,737 gallons of water, or 14% of gallons sold, were unaccounted for during fiscal year 2017.

RECOMMENDATION:

We recommend that the City continue in its efforts to reduce the unaccounted for gallons of water and to ensure that all water consumption by customers is being properly metered and billed.

MANAGEMENT'S RESPONSE:

The City Concurs with this recommendation and continues with its residential meter change-out program, repairs water leaks as soon as possible, and replaces water pumps at the City's wells as needed. The discrepancy of water sold vs. pumped has decreased from 19% in FY 2016 to 14% in FY 2017 as well as the total number of gallons unaccounted for has decreased from 59,092,308 gallons for FY 2016 to 47,380,737 gallons for FY 2017.

PRIOR YEAR AUDIT FINDINGS

Prior Year Material Weakness – Current year material weakness 2017-1 was prior year material weakness 2016-1.

Prior Year Significant Deficiency – Current year significant deficiency 2017-2 was prior year significant deficiency 2016-2.

THIS PAGE INTENTIONALLY LEFT BLANK