

CITY OF CENTERVILLE, GEORGIA
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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

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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**



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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, 2018, 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, 2018, 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 fund statements and schedules and the schedule of expenditures special purpose local option sales tax proceeds, as required by the Official Code of Georgia 48-8-121, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules 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 additional procedures, including

Honorable Mayor and Council
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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 fund statements and schedules and the schedule of expenditures of 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 November 30, 2018 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
November 30, 2018

**CITY OF CENTERVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(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, 2018. Please review in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

Net position exceeded the City's liabilities in the amount of \$25,298.9 thousand for the governmental activities and \$9,749.2 thousand for the business-type activities for a total net position of \$35,048.1 thousand. This is in comparison to prior year total net position of \$33,366.2 thousand and reflects an increase of \$1,681.9 thousand in net position.

In the Government-wide statement of activities, revenues (including transfers) and expenses for the governmental activities were \$5,455.9 thousand and \$4,292.7 thousand, respectively, with a change in net position of \$1,163.2 thousand. This is compared with prior year revenues (including transfers) of \$5,242.1 thousand and expenses of \$4,023.7 thousand, respectively.

In the Government-wide statement of activities, revenues (including transfers) and expenses for the business-type activities were \$3,459.7 thousand and \$2,941.0 thousand with a change in net position of \$518.7 thousand. This is compared with prior year revenues (including transfers) of \$3,501.7 thousand and expenses of \$2,843.9 thousand.

In the fund financial statements the City's governmental funds reported a combined ending fund balance of \$4,091.6 thousand in comparison with prior years combined ending fund balance of \$3,683.4 thousand, an increase of \$408.2 thousand.

As of June 30, 2018, general fund unassigned fund balance was \$3,606.8 thousand or 86.9% 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, 2018
(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, 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, 2018
(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, all 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 fund 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, 2018
(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 \$35,048.1 thousand, which is an increase of \$1,681.9 thousand or 5.0% from fiscal year 2017.

**City of Centerville, Georgia's Net Position
June 30, 2018 and 2017
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 4,369.7	\$ 4,123.3	\$ 4,290.6	\$ 5,116.8	\$ 8,660.3	\$ 9,240.1
Capital assets	21,208.1	21,448.6	6,136.6	5,288.4	27,344.7	26,737.0
Net pension asset	589.4	278.6	156.7	78.6	746.1	357.2
Total assets	26,167.2	25,850.5	10,583.9	10,483.8	36,751.1	36,334.3
Deferred outflows of resources	280.7	250.4	40.4	34.8	321.1	285.2
Current and other liabilities	504.3	1,272.3	498.4	893.0	1,002.7	2,165.3
Noncurrent liabilities	70.9	200.8	208.7	248.7	279.6	449.5
Total liabilities	575.2	1,473.1	707.1	1,141.7	1,282.3	2,614.8
Deferred inflows of resources	573.8	492.2	168.0	146.3	741.8	638.5
Net position:						
Net investment						
in capital assets	21,043.2	20,534.3	5,900.3	5,017.6	26,943.5	25,551.9
Restricted	456.7	265.0	--	--	456.7	265.0
Unrestricted	3,799.0	3,336.3	3,848.9	4,213.0	7,647.9	7,549.3
Total net position	\$ 25,298.9	\$ 24,135.6	\$ 9,749.2	\$ 9,230.6	\$ 35,048.1	\$ 33,366.2

As a whole the City of Centerville assets exceeded liabilities by \$35,048.1 thousand at the close of fiscal year June 30, 2018. Of the \$35,048.1 thousand in total net position, \$26,943.5 thousand or 76.9% reflects net investment in capital assets (i.e., land, infrastructure, buildings, machinery and equipment), \$456.7 thousand or 1.3% is restricted net position and \$7,647.9 thousand or 21.8% is unrestricted net position.

**CITY OF CENTERVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(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, 2018 and 2017.

**City of Centerville, Georgia's Changes in Net Position
For the Years Ended June 30, 2018 and 2017
(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program revenues:						
Charges for services	\$ 655.6	\$ 533.0	\$ 3,479.3	\$ 3,475.2	\$ 4,134.9	\$ 4,008.2
Operating grants and contributions	46.9	10.5	--	--	46.9	10.5
Capital grants and contributions	1,077.0	1,189.6	--	--	1,077.0	1,189.6
General revenues:						
Property taxes	2,379.9	2,374.6	--	--	2,379.9	2,374.6
Other taxes	1,096.1	1,039.7	--	--	1,096.1	1,039.7
Interest income	0.1	--	0.8	0.6	0.9	0.6
Other general revenues	65.4	15.9	114.5	104.7	179.9	120.6
Total revenues	5,321.0	5,163.3	3,594.6	3,580.5	8,915.6	8,743.8
Program expenses:						
General government	648.2	634.3	--	--	648.2	634.3
Municipal court	159.4	163.7	--	--	159.4	163.7
Probation	53.9	57.5	--	--	53.9	57.5
Public safety	2,737.8	2,554.6	--	--	2,737.8	2,554.6
Public works	565.7	520.7	--	--	565.7	520.7
Parks	8.6	10.0	--	--	8.6	10.0
Economic development	106.1	58.8	--	--	106.1	58.8
Interest on long-term debt	13.0	24.1	--	--	13.0	24.1
Business activities:						
Water and sewer	--	--	2,080.0	2,034.3	2,080.0	2,034.3
Sanitation	--	--	796.0	744.4	796.0	744.4
Storm water utility	--	--	65.0	65.2	65.0	65.2
Total expenses	4,292.7	4,023.7	2,941.0	2,843.9	7,233.7	6,867.6
Excess before contributions and transfers						
	1,028.3	1,139.6	653.6	736.6	1,681.9	1,876.2
Transfers	134.9	78.8	(134.9)	(78.8)	--	--
Increase in net position	\$ 1,163.2	\$ 1,218.4	\$ 518.7	\$ 657.8	\$ 1,681.9	\$ 1,876.2

**CITY OF CENTERVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(UNAUDITED)**

As a whole, the City of Centerville's net position increased \$1,681.9 thousand as of the close of the fiscal year June 30, 2018. Of this increase, \$1,163.2 thousand or 69.2% is attributable to the governmental activities and \$518.7 thousand or 30.8% 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 2018, the City's governmental funds reported combined ending fund balance of approximately \$4,091.6 thousand or an increase of approximately \$408.2 thousand when compared with prior year.

This increase of fund balance in the amount of \$408.2 thousand is comprised of an increase of \$192.4 thousand, \$94.8 thousand and \$121.0 thousand in the general fund, SPLOST fund and non-major governmental funds, respectively.

The General Fund is the chief operating fund of the City. As of June 30, 2018, the total and unassigned fund balance of the general fund was \$3,606.8 thousand. Unassigned fund balance represents approximately 86.9% 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 2018 amounted to \$3,848.9 thousand, a decrease of \$364.1 thousand.

**CITY OF CENTERVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(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 \$64.9 thousand increase. General fund actual expenditures were 88.2% of the final amended appropriations or \$554.6 less than the final budget.

CAPITAL ASSETS

The City's capital assets for its governmental and business-type activities as of June 30, 2018 total \$27,344.7 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 \$607.7 thousand.

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

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Land and improvements	\$ 371.1	\$ 371.1	\$ 798.5	\$ 798.5	\$ 1,169.6	\$ 1,169.6
Construction in progress	4,306.0	4,159.9	--	831.1	4,306.0	4,991.0
Buildings and improvements	4,270.6	4,377.0	1,899.5	44.1	6,170.1	4,421.1
Infrastructure	11,520.6	11,675.1	3,235.9	3,381.7	14,756.5	15,056.8
Equipment	739.8	865.5	202.7	233.0	942.5	1,098.5
Totals	\$ 21,208.1	\$ 21,448.6	\$ 6,136.6	\$ 5,288.4	\$ 27,344.7	\$ 26,737.0

**CITY OF CENTERVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(UNAUDITED)**

DEBT MANAGEMENT

The City's long-term debt for its governmental and business-type activities as of June 30, 2018 totals \$571.8 thousand in comparison to \$1,343.9 thousand in the prior year. This change reflects the decline of \$772.1 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	
	2018	2017	2018	2017	2018	2017
Notes and other obligations	\$ 297.2	\$ 1,033.2	\$ 274.6	\$ 310.7	\$ 571.8	\$ 1,343.9

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 2019 BUDGET

The City continued to maintain its level of services, manage its resources and operate below the final amended budget for the fiscal year 2018.

Factors considered in preparation of the Fiscal Year 2019 Budget include:

- No change in millage rate for Centerville residents
- Begin Phase I of Center Park
- Projects of resurfacing of City Streets

As of June 30, 2018, unemployment rates for the Middle Georgia Region (Houston County) were 4.2% vs the state rate of 4.2%. This was a decrease from 2017 rates of 5.5% for the Middle Georgia Region and 4.7% for the state.

**CITY OF CENTERVILLE, GEORGIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(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:

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CITY OF CENTERVILLE, GEORGIA
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,143,326	\$ 3,841,103	\$ 7,984,429
Receivables:			
Taxes	1,882	--	1,882
Accounts	118,771	56,196	174,967
Unbilled accounts	--	295,205	295,205
Interfund	88,435	32,580	121,015
Accrued interest	--	818	818
Inventory, at cost	--	53,382	53,382
Prepaid items	2,312	11,372	13,684
Due from other governments	14,999	--	14,999
Total current assets	<u>4,369,725</u>	<u>4,290,656</u>	<u>8,660,381</u>
Non-current assets:			
Capital assets:			
Land and other non-depreciable assets	4,677,098	798,462	5,475,560
Capital assets, net of accumulated depreciation	<u>16,530,985</u>	<u>5,338,125</u>	<u>21,869,110</u>
Capital assets, net	21,208,083	6,136,587	27,344,670
Net pension asset	<u>589,454</u>	<u>156,690</u>	<u>746,144</u>
Total non-current assets	<u>21,797,537</u>	<u>6,293,277</u>	<u>28,090,814</u>
Total assets	<u>26,167,262</u>	<u>10,583,933</u>	<u>36,751,195</u>
DEFERRED OUTFLOWS OF RESOURCES-			
Deferred outflows related to pensions	<u>280,677</u>	<u>40,393</u>	<u>321,070</u>

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	107,790	98,171	205,961
Retainage payable	--	14,071	14,071
Other liabilities	56,580	18,130	74,710
Accrued interest payable	--	608	608
Customer deposits	--	283,900	283,900
Interfund payables	103,434	17,581	121,015
Due to others	10,244	--	10,244
Compensated absences	94,660	29,785	124,445
Notes payable - other	131,581	36,137	167,718
Total current liabilities	<u>504,289</u>	<u>498,383</u>	<u>1,002,672</u>
Noncurrent liabilities:			
Compensated absences	37,612	8,590	46,202
Notes payable - other, net of current portion	33,328	200,086	233,414
Total non-current liabilities	<u>70,940</u>	<u>208,676</u>	<u>279,616</u>
Total liabilities	<u>575,229</u>	<u>707,059</u>	<u>1,282,288</u>
<u>DEFERRED INFLOWS OF RESOURCES-</u>			
Deferred inflows related to pensions	<u>573,773</u>	<u>168,035</u>	<u>741,808</u>
<u>NET POSITION:</u>			
Net investment			
in capital assets	21,043,174	5,900,364	26,943,538
Restricted for capital projects	332,573	--	332,573
Restricted for resurface of streets	88,335	--	88,335
Restricted for law enforcement	24,993	--	24,993
Restricted for park programs	10,793	--	10,793
Unrestricted	3,799,069	3,848,868	7,647,937
Total net position	<u>\$ 25,298,937</u>	<u>\$ 9,749,232</u>	<u>\$ 35,048,169</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, 2018**

<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	\$ 648,214	\$ 171,936	\$ --
Municipal court	159,428	--	--
Probation	53,891	81,081	--
Public safety	2,737,794	401,327	19,664
Public works	565,670	1,222	27,274
Parks	8,639	--	--
Economic development	106,078	--	--
Interest on long-term debt	12,979	--	--
Total governmental activities	<u>4,292,693</u>	<u>655,566</u>	<u>46,938</u>
Business-type activities:			
Water and sewer	2,079,974	2,225,625	--
Sanitation	796,036	1,020,307	--
Storm water utility	65,042	233,381	--
Total business-type activities	<u>2,941,052</u>	<u>3,479,313</u>	<u>--</u>
 Total primary government	 <u>\$ 7,233,745</u>	 <u>\$ 4,134,879</u>	 <u>\$ 46,938</u>

General revenues:

- Property taxes
- Intangible
- Franchise
- Alcoholic beverage tax
- Insurance premium tax
- Other taxes
- Other
- Unrestricted investment earnings
- Contributions
- 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
\$ --	\$ (476,278)	\$ --	\$ (476,278)
--	(159,428)	--	(159,428)
--	27,190	--	27,190
632,549	(1,684,254)	--	(1,684,254)
434,450	(102,724)	--	(102,724)
10,000	1,361	--	1,361
--	(106,078)	--	(106,078)
--	(12,979)	--	(12,979)
<u>1,076,999</u>	<u>(2,513,190)</u>	<u>--</u>	<u>(2,513,190)</u>
--	--	145,651	145,651
--	--	224,271	224,271
--	--	168,339	168,339
--	--	538,261	538,261
<u>\$ 1,076,999</u>	<u>(2,513,190)</u>	<u>538,261</u>	<u>(1,974,929)</u>
	2,379,884	--	2,379,884
	37,969	--	37,969
	502,624	--	502,624
	77,603	--	77,603
	474,066	--	474,066
	3,916	--	3,916
	8,255	112,534	120,789
	110	768	878
	578	--	578
	56,550	2,038	58,588
	134,929	(134,929)	--
	<u>3,676,484</u>	<u>(19,589)</u>	<u>3,656,895</u>
	1,163,294	518,672	1,681,966
	24,135,643	9,230,560	33,366,203
	<u>\$ 25,298,937</u>	<u>\$ 9,749,232</u>	<u>\$ 35,048,169</u>

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

**CITY OF CENTERVILLE, GEORGIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	General Fund	SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS:</u>				
Cash and cash equivalents	\$ 3,764,623	\$ 332,573	\$ 46,130	\$ 4,143,326
Receivables, (net of write-offs):				
Taxes	1,882	--	--	1,882
Accounts	118,771	--	--	118,771
Interfund	100	--	88,335	88,435
Prepaid items	2,312	--	--	2,312
Intergovernmental	--	--	14,999	14,999
Total assets	<u>\$ 3,887,688</u>	<u>\$ 332,573</u>	<u>\$ 149,464</u>	<u>\$ 4,369,725</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ 107,790	\$ --	\$ --	\$ 107,790
Other liabilities	56,580	--	--	56,580
Interfund payable	88,335	--	15,099	103,434
Due to others	--	--	10,244	10,244
Total liabilities	<u>252,705</u>	<u>--</u>	<u>25,343</u>	<u>278,048</u>
Fund balances:				
Nonspendable	2,312	--	--	2,312
Restricted - capital projects	--	332,573	--	332,573
Restricted - resurface of streets	--	--	88,335	88,335
Restricted - supplies and equipment	--	--	24,993	24,993
Restricted - park programs	--	--	10,793	10,793
Committed - ladder truck	25,797	--	--	25,797
Unassigned	3,606,874	--	--	3,606,874
Total fund balances	<u>3,634,983</u>	<u>332,573</u>	<u>124,121</u>	<u>4,091,677</u>
Total liabilities and fund balances	<u>\$ 3,887,688</u>	<u>\$ 332,573</u>	<u>\$ 149,464</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.	21,208,083
Certain liabilities, such as compensated absences are not due and payable in the current period and, therefore, are not reported in the funds	(132,272)
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	(164,909)
Items related to pensions, including pension asset, and deferred inflows and outflows, are not due and payable in the current period and, therefore, are not reported in the funds	296,358
Net position of governmental activities (page 13)	<u>\$ 25,298,937</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, 2018

	General Fund	SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
General property taxes	\$ 2,379,884	\$ --	\$ --	\$ 2,379,884
Other taxes	1,096,178	--	--	1,096,178
Licenses and permits	171,936	--	--	171,936
Intergovernmental revenues	35,806	773,595	222,566	1,031,967
Charges for services	1,222	--	--	1,222
Fines and forfeitures	400,684	--	643	401,327
Probation fees	81,081	--	--	81,081
Interest	110	2,025	--	2,135
Donations	10,597	--	578	11,175
Other revenues	8,572	--	10,218	18,790
Total revenues	<u>4,186,070</u>	<u>775,620</u>	<u>234,005</u>	<u>5,195,695</u>
Expenditures:				
Current:				
General government	645,760	--	--	645,760
Municipal court	135,159	--	--	135,159
Probation	59,802	--	--	59,802
Public safety	2,738,958	--	3,000	2,741,958
Public works	310,487	--	--	310,487
Parks	8,636	--	3	8,639
Economic development	112,055	--	--	112,055
Capital outlay	--	55,141	147,552	202,693
Debt service:				
Principal	132,468	616,918	--	749,386
Interest	4,280	8,699	--	12,979
Total expenditures	<u>4,147,605</u>	<u>680,758</u>	<u>150,555</u>	<u>4,978,918</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,465</u>	<u>94,862</u>	<u>83,450</u>	<u>216,777</u>
Other financing sources (uses):				
Transfers in	100,000	--	37,527	137,527
Transfers out	(2,598)	--	--	(2,598)
Proceeds from sale of capital assets	56,550	--	--	56,550
Total other financing sources (uses)	<u>153,952</u>	<u>--</u>	<u>37,527</u>	<u>191,479</u>
Net change in fund balance	192,417	94,862	120,977	408,256
Fund balance, beginning of year	<u>3,442,566</u>	<u>237,711</u>	<u>3,144</u>	<u>3,683,421</u>
Fund balance, end of year	<u>\$ 3,634,983</u>	<u>\$ 332,573</u>	<u>\$ 124,121</u>	<u>\$ 4,091,677</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, 2018**

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) \$ 408,256

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. (309,320)

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. 68,813

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. (13,392)

In the statement of activities, pension expense represents the change in net pension asset 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 asset and changes in related deferred inflows and outflows of resources exceeded pension contributions paid in the current period. 259,552

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. 749,385

Change in net position of governmental activities (page 14) \$ 1,163,294

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, 2018

	Budgeted Amounts		Actual	Variance Final
	Original	Final		Budget with Actual Over (Under)
Revenues:				
Taxes	\$ 3,375,403	\$ 3,375,403	\$ 3,476,062	\$ 100,659
Licenses and permits	136,055	136,055	171,936	35,881
Intergovernmental	--	--	35,806	35,806
Charges for services	800	800	1,222	422
Fines and forfeitures	328,000	328,000	400,684	72,684
Probation fees	73,624	73,624	81,081	7,457
Interest on investments	--	--	110	110
Donations	--	10,597	10,597	--
Other	4,015	4,015	8,572	4,557
Total revenues	<u>3,917,897</u>	<u>3,928,494</u>	<u>4,186,070</u>	<u>257,576</u>
Expenditures:				
Current:				
General government:				
Legislative	90,861	90,861	90,057	(804)
Financial administration	402,403	402,403	379,551	(22,852)
Law	189,493	189,493	175,936	(13,557)
Elections	8,503	8,503	216	(8,287)
Total general government	<u>691,260</u>	<u>691,260</u>	<u>645,760</u>	<u>(45,500)</u>
Municipal court	148,073	148,073	135,159	(12,914)
Probation	61,917	61,917	59,802	(2,115)
Public safety:				
Fire	1,143,172	1,191,841	1,120,662	(71,179)
Police	1,627,387	1,627,387	1,559,336	(68,051)
Animal control	60,674	60,674	58,960	(1,714)
Total public safety	<u>2,831,233</u>	<u>2,879,902</u>	<u>2,738,958</u>	<u>(140,944)</u>
Public works:				
Streets	324,813	324,813	267,858	(56,955)
Protective inspection	46,576	46,576	42,629	(3,947)
Total public works	<u>371,389</u>	<u>371,389</u>	<u>310,487</u>	<u>(60,902)</u>
Parks	300,000	300,000	8,636	(291,364)
Economic development	96,766	112,966	112,055	(911)
Debt service:				
Principal	132,419	132,468	132,468	--
Interest	4,281	4,284	4,280	(4)
Total debt service	<u>136,700</u>	<u>136,752</u>	<u>136,748</u>	<u>(4)</u>
Total expenditures	<u>4,637,338</u>	<u>4,702,259</u>	<u>4,147,605</u>	<u>(554,654)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(719,441)</u>	<u>(773,765)</u>	<u>38,465</u>	<u>812,230</u>
Other financing sources (uses):				
Transfers in	221,231	181,204	100,000	(81,204)
Transfers out	--	(2,598)	(2,598)	--
Proceeds from sale of capital assets	54,000	54,000	56,550	2,550
Appropriated fund balance	444,210	541,159	--	(541,159)
Total other financing sources (uses)	<u>719,441</u>	<u>773,765</u>	<u>153,952</u>	<u>(619,813)</u>
Net change in fund balance	<u>\$ --</u>	<u>\$ --</u>	<u>192,417</u>	<u>\$ 192,417</u>
Fund balance, beginning of year			3,442,566	
Fund balance, end of year			<u>\$ 3,634,983</u>	

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

CITY OF CENTERVILLE, GEORGIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	
	Water and Sewer	Sanitation	Storm Water Utility	Total
ASSETS:				
Current assets:				
Cash and cash equivalents	\$ 3,571,255	\$ --	\$ 269,848	\$ 3,841,103
Receivables, net of write-offs:				
Accounts	10,971	20,961	24,264	56,196
Unbilled accounts	183,396	92,301	19,508	295,205
Interfund	14,999	--	17,581	32,580
Accrued interest	818	--	--	818
Inventory, at cost	53,382	--	--	53,382
Prepays	11,372	--	--	11,372
Total current assets	<u>3,846,193</u>	<u>113,262</u>	<u>331,201</u>	<u>4,290,656</u>
Noncurrent assets:				
Capital assets:				
Land and other non-depreciable assets	798,462	--	--	798,462
Depreciable capital assets, net of accumulated depreciation	<u>5,333,823</u>	<u>4,302</u>	<u>--</u>	<u>5,338,125</u>
Capital assets, net	6,132,285	4,302	--	6,136,587
Net pension asset	<u>156,690</u>	<u>--</u>	<u>--</u>	<u>156,690</u>
Total noncurrent assets	<u>6,288,975</u>	<u>4,302</u>	<u>--</u>	<u>6,293,277</u>
Total assets	<u>10,135,168</u>	<u>117,564</u>	<u>331,201</u>	<u>10,583,933</u>
DEFERRED OUTFLOWS OF RESOURCES-				
Deferred outflows related to pensions	<u>40,393</u>	<u>--</u>	<u>--</u>	<u>40,393</u>

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	Total
	Water and Sewer	Sanitation	Storm Water Utility	
<u>LIABILITIES:</u>				
Current liabilities:				
Accounts payable	81,221	16,950	--	98,171
Retainage payable	14,071	--	--	14,071
Other liabilities	18,130	--	--	18,130
Accrued interest payable	608	--	--	608
Customer deposits	283,900	--	--	283,900
Interfund payable	17,581	--	--	17,581
Compensated absences	29,785	--	--	29,785
Notes payable	36,137	--	--	36,137
Total current liabilities	481,433	16,950	--	498,383
Noncurrent liabilities:				
Compensated absences	8,590	--	--	8,590
Notes payable (net of current portion)	200,086	--	--	200,086
Total noncurrent liabilities	208,676	--	--	208,676
Total liabilities	690,109	16,950	--	707,059
<u>DEFERRED INFLOWS OF RESOURCES-</u>				
Deferred inflows related to pensions	168,035	--	--	168,035
<u>NET POSITION:</u>				
Net investment in capital assets	5,896,062	4,302	--	5,900,364
Unrestricted	3,421,355	96,312	331,201	3,848,868
Total net position	\$ 9,317,417	\$ 100,614	\$ 331,201	\$ 9,749,232

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, 2018

	Business-type Activities - Enterprise Funds			Total
	Major		Nonmajor	
	Water and Sewer	Sanitation	Storm Water Utility	
Operating revenues:				
Charges for services	\$ 2,225,625	\$ 1,020,307	\$ 233,381	\$ 3,479,313
Other	95,177	17,357	--	112,534
Total operating revenues	<u>2,320,802</u>	<u>1,037,664</u>	<u>233,381</u>	<u>3,591,847</u>
Operating expenses:				
Personal services	715,387	--	29,713	745,100
Contractual services	685,549	777,220	31,444	1,494,213
Supplies	216,066	816	1,021	217,903
Materials	125,833	7,584	2,450	135,867
Heat, light, and power	99,756	2,630	--	102,386
Bad debt expense	22,143	7,308	414	29,865
Depreciation	204,124	478	--	204,602
Total operating expenses	<u>2,068,858</u>	<u>796,036</u>	<u>65,042</u>	<u>2,929,936</u>
Operating income	<u>251,944</u>	<u>241,628</u>	<u>168,339</u>	<u>661,911</u>
Nonoperating revenues (expenses):				
Interest revenue	768	--	--	768
Interest expense	(11,116)	--	--	(11,116)
Gain on sale of capital assets	2,038	--	--	2,038
Total nonoperating expenses, net	<u>(8,310)</u>	<u>--</u>	<u>--</u>	<u>(8,310)</u>
Net income before transfers	<u>243,634</u>	<u>241,628</u>	<u>168,339</u>	<u>653,601</u>
Transfers in	81,475	--	--	81,475
Transfers out	(37,527)	(178,877)	--	(216,404)
Net transfers	<u>43,948</u>	<u>(178,877)</u>	<u>--</u>	<u>(134,929)</u>
Change in net position	287,582	62,751	168,339	518,672
Net position, beginning	<u>9,029,835</u>	<u>37,863</u>	<u>162,862</u>	<u>9,230,560</u>
Net position, ending	<u>\$ 9,317,417</u>	<u>\$ 100,614</u>	<u>\$ 331,201</u>	<u>\$ 9,749,232</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, 2018

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	
	Water and Sewer	Sanitation	Storm Water Utility	Total
Cash flows from operating activities:				
Cash received from customers	\$ 2,221,303	\$ 1,008,525	\$ 221,827	\$ 3,451,655
Cash received from other	95,177	17,357	--	112,534
Cash paid to suppliers for goods and services	(682,845)	(69,785)	(8,116)	(760,746)
Cash paid to employees for services	(545,701)	--	(23,769)	(569,470)
Cash paid for contractual services	(685,549)	(777,220)	(32,363)	(1,495,132)
Cash paid for employee taxes and benefits	(232,395)	--	(6,469)	(238,864)
Net cash provided by operating activities	<u>169,990</u>	<u>178,877</u>	<u>151,110</u>	<u>499,977</u>
Cash flows from noncapital financing activities:				
Transfers in	81,475	--	--	81,475
Transfers out	(37,527)	(178,877)	--	(216,404)
Net cash provided (used) by noncapital financing activities	<u>43,948</u>	<u>(178,877)</u>	<u>--</u>	<u>(134,929)</u>
Cash flows from capital financing activities:				
Payment of interest	(11,271)	--	--	(11,271)
Acquisition and construction of capital assets	(1,052,812)	--	--	(1,052,812)
Payment of notes payable	(34,538)	--	--	(34,538)
Proceeds from sale of capital assets	2,038	--	--	2,038
Net cash used by capital financing activities	<u>(1,096,583)</u>	<u>--</u>	<u>--</u>	<u>(1,096,583)</u>
Cash flows from investing activities -				
Interest revenue	110	--	--	110
Net cash provided by investing activities	<u>110</u>	<u>--</u>	<u>--</u>	<u>110</u>
Net increase (decrease) in cash and cash equivalents	(882,535)	--	151,110	(731,425)
Cash and cash equivalents, beginning of year	4,453,790	--	118,738	4,572,528
Cash and cash equivalents, end of year	<u>\$ 3,571,255</u>	<u>\$ --</u>	<u>\$ 269,848</u>	<u>\$ 3,841,103</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, 2018

	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	\$ 251,944	\$ 241,628	\$ 168,339	\$ 661,911
Adjustments to reconcile net operating income to net cash provided by operating activities:				
Bad debt expense	22,143	7,308	414	29,865
Depreciation	204,124	478	--	204,602
Pension expense	26,842	--	--	26,842
Decrease (increase) in assets:				
Accounts receivable	(6,397)	(14,732)	(12,257)	(33,386)
Unbilled accounts	(10,335)	(11,666)	(125)	(22,126)
Interfund receivable	106,033	--	(3,392)	102,641
Inventory	8,809	--	--	8,809
Prepays	9,614	--	--	9,614
Net pension asset	(104,958)	--	--	(104,958)
Deferred outflows	(5,599)	--	--	(5,599)
Increase (decrease) in liabilities:				
Accounts payable	(298,525)	(44,139)	(425)	(343,089)
Retainage payable	(70,513)	--	--	(70,513)
Other liabilities	944	--	(1,444)	(500)
Customer deposits	12,410	--	--	12,410
Interfund payable	3,392	--	--	3,392
Compensated absences	(1,634)	--	--	(1,634)
Deferred inflows	21,696	--	--	21,696
Net cash provided by operating activities	<u>\$ 169,990</u>	<u>\$ 178,877</u>	<u>\$ 151,110</u>	<u>\$ 499,977</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, 2018

	<u>Municipal Court Fund</u>
<u>ASSETS</u>	
Cash	\$ 17,916
Due from others	1,727
Total assets	<u>\$ 19,643</u>
 <u>LIABILITIES</u>	
Due to others	\$ 19,643
Total liabilities	<u>\$ 19,643</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, 2018

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. The more significant of these accounting policies are described below.

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, fire and animal control), streets, culture-recreation, public improvements, planning and zoning, municipal court, probation, economic development, 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, 2018

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, 2018

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.

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, 2018

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, 2018

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 19, 2017
Lien date	Jan 1, 2018
Due date	Dec 20, 2017
Collection dates	Oct 1, 2017 – Dec 20, 2017
Delinquent date	Dec 21, 2017

- 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, 2018

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, 2018

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, 2018

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. The City has only one deferred inflow this year relating to its pension asset This deferred inflow is the summation 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, 2018

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, 2018, 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.

Unassigned - All other spendable amounts.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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 or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then unassigned funds, as needed, unless City Council has provided otherwise in its commitment 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, 2018

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

A summary of the City's deposits and investments at June 30, 2018 follows:

Amounts per statement of Net Position:

Petty cash	\$	8,814
Demand deposits		7,850,965
Certificates of deposit		124,650

Amounts as presented on the statement of fiduciary assets and liabilities-

Cash		17,916
Total	\$	<u>8,002,345</u>

Governmental funds:

Cash	\$	4,128,485
Certificate of deposit		14,841
		<u>4,143,326</u>

Proprietary funds:

Cash		3,731,294
Certificate of deposit		109,809
		<u>3,841,103</u>

Fiduciary fund-

Cash		17,916
Total	\$	<u>8,002,345</u>

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, 2018, 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, 2018

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.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

III. DETAILED NOTES ON ALL FUNDS

B. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

Primary Government

	Balance June 30, 2017	Increases	Decreases	Transfers/ Reclassifications	Balance June 30, 2018
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 371,102	\$ --	\$ --	\$ --	\$ 371,102
Construction in progress	4,159,904	147,592	--	(1,500)	4,305,996
Total capital assets not being depreciated	4,531,006	147,592	--	(1,500)	4,677,098
Capital assets, being depreciated:					
Buildings and improvements	5,220,214	--	--	--	5,220,214
Infrastructure	13,592,913	116,981	--	1,500	13,711,394
Machinery and equipment	2,145,797	187,060	89,092	--	2,243,765
Total capital assets being depreciated	20,958,924	304,041	89,092	1,500	21,175,373
Less accumulated depreciation for:					
Buildings and improvements	843,232	106,340	--	--	949,572
Infrastructure	1,917,855	272,990	--	--	2,190,845
Machinery and equipment	1,280,253	254,900	31,182	--	1,503,971
Total accumulated depreciation	4,041,340	634,230	31,182	--	4,644,388
Total capital assets being depreciated, net	16,917,584	(330,189)	57,910	1,500	16,530,985
Governmental activities capital assets, net	\$ 21,448,590	\$ (182,597)	\$ 57,910	\$ --	\$ 21,208,083

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

III. DETAILED NOTES ON ALL FUNDS

B. Capital Assets

Primary Government

	Balance June 30, 2017	Increases	Decreases	Transfers/ Reclassifications	Balance June 30, 2018
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 798,462	\$ --	\$ --	\$ --	\$ 798,462
Construction in progress	831,124	--	--	(831,124)	--
Total capital assets not being depreciated	<u>1,629,586</u>	<u>--</u>	<u>--</u>	<u>(831,124)</u>	<u>798,462</u>
Capital assets, being depreciated:					
Buildings and improvements	88,388	1,036,520	--	831,124	1,956,032
Infrastructure	6,823,121	660	--	--	6,823,781
Machinery and equipment	758,191	15,632	40,280	--	733,543
Total capital assets being depreciated	<u>7,669,700</u>	<u>1,052,812</u>	<u>40,280</u>	<u>831,124</u>	<u>9,513,356</u>
Less accumulated depreciation for:					
Buildings and improvements	44,326	12,200	--	--	56,526
Infrastructure	3,441,433	146,400	--	--	3,587,833
Machinery and equipment	525,150	46,002	40,280	--	530,872
Total accumulated depreciation	<u>4,010,909</u>	<u>204,602</u>	<u>40,280</u>	<u>--</u>	<u>4,175,231</u>
Total capital assets being depreciated, net	<u>3,658,791</u>	<u>848,210</u>	<u>--</u>	<u>831,124</u>	<u>5,338,125</u>
Business-type activities capital assets, net	<u>\$ 5,288,377</u>	<u>\$ 848,210</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,136,587</u>

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

III. DETAILED NOTES ON ALL FUNDS

B. Capital Assets

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

Governmental activities:	
General government	\$ 41,158
Municipal court	31,096
Public safety	285,062
Streets	<u>276,914</u>
Total depreciation expense - governmental activities	<u>\$ 634,230</u>
Business-type activities -	
Water and sewer	\$ 204,124
Sanitation	<u>478</u>
Total depreciation expense - business-type activities	<u>\$ 204,602</u>

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

III. DETAILED NOTES ON ALL FUNDS

C. Interfund Receivables, Payables and Transfers

A summary of individual interfund receivable and payable balances at June 30, 2018, and a summary of fund transfers for the year then ended follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental activities:		
General Fund	Center Park Fund	\$ 100
LMIG Fund	General Fund	88,335
Total governmental activities		<u>88,435</u>
Business-type activities:		
Storm Water Utility Fund	Water and Sewer Fund	17,581
Water and Sewer Fund	Transportation Enhancement Fund	14,999
Total business-type activities		<u>32,580</u>
Total		<u>\$ 121,015</u>

Interfund balances reflect:

- Deposit to open initial bank account for Center Park Fund.
- Deposits held in the General Fund for the Local Maintenance and Improvement Grant (LMIG) capital project.
- Fees collected by the Water & Sewer Fund for the Storm Water Utility Fund.
- Funds held in the Transportation Enhancement fund for the Water & Sewer Fund.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

III. DETAILED NOTES ON ALL FUNDS

C. Interfund Receivables, Payables and Transfers

	Transfer in:			Total
	General Fund	Transportation Enhancement Fund	Water and Sewer Fund	
Transfer out:				
Governmental Funds:				
General	\$ --	\$ --	\$ 2,598	\$ 2,598
Total	<u> --</u>	<u> --</u>	<u>2,598</u>	<u>2,598</u>
Proprietary Funds:				
Water and Sewer	--	37,527	--	37,527
Sanitation	100,000	--	78,877	178,877
Total	<u>100,000</u>	<u>37,527</u>	<u>78,877</u>	<u>216,404</u>
	<u>\$ 100,000</u>	<u>\$ 37,527</u>	<u>\$ 81,475</u>	<u>\$ 219,002</u>

Interfund transfers reflect:

- Expenditures paid by General Fund on behalf of Water & Sewer Fund.
- Payables paid by Water & Sewer Fund for Georgia Department of Transportation (DOT) sidewalk Project.
- Budgeted transfers from Sanitation Fund to the General Fund.
- Enterprise interfund receivables/payables not scheduled to be repaid in future years.

D. Due From Other Governments

As of June 30, 2018 the following amounts were due from GDOT for the streetscape sidewalk project.

Government	Fund	Amount
Georgia Department of Transportation	Transportation Enhancement Fund	\$ 14,999
Total due from other governments		<u>\$ 14,999</u>

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

III. DETAILED NOTES ON ALL FUNDS

E. Long-Term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended June 30, 2018:

	<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	\$ 118,880	\$ 110,796	\$ 97,404	\$ 132,272	\$ 94,660	\$ 37,612
Notes payable - other	<u>914,294</u>	<u>--</u>	<u>749,385</u>	<u>164,909</u>	<u>131,581</u>	<u>33,328</u>
Governmental activity - long-term liabilities	<u>\$ 1,033,174</u>	<u>\$ 110,796</u>	<u>\$ 846,789</u>	<u>\$ 297,181</u>	<u>\$ 226,241</u>	<u>\$ 70,940</u>
Business-type activities:						
Compensated absences	\$ 40,009	\$ 34,899	\$ 36,533	\$ 38,375	\$ 29,785	\$ 8,590
Note payable-other	<u>270,761</u>	<u>--</u>	<u>34,538</u>	<u>236,223</u>	<u>36,137</u>	<u>200,086</u>
Business-type activity - long-term liabilities	<u>\$ 310,770</u>	<u>\$ 34,899</u>	<u>\$ 71,071</u>	<u>\$ 274,598</u>	<u>\$ 65,922</u>	<u>\$ 208,676</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, 2018

III. DETAILED NOTES ON ALL FUNDS

E. 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, 2017	Additions	Payments	Balance June 30, 2018
BB&T	\$ 616,918	\$ --	\$ (616,918)	\$ --

The obligation of the City to make payments under the Agreement was payable only from funds lawfully appropriated by the City for such purpose and did not constitute a pledge of the full faith and credit of the City within meaning of any constitutional debt limitations. Furthermore, the City fulfilled 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 were not pledged to such payments and the City was not limited to the SPLOST revenues in fulfilling its payment obligations under the Agreement. The taxing power of the City was not pledged in any way directly or contingently to secure any moneys due under the Agreement.

The Agreement expired April 1, 2018. As of June 30, 2014 this project was completed. As of June 30, 2018 this loan was paid in full.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

III. DETAILED NOTES ON ALL FUNDS

E. Long-Term Obligations

Notes Payable – Other – Governmental Activities

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 were 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 were paid to BB&T in the amount of \$3,104 inclusive of interest at the rate of 3.29%.

	Balance June 30, 2017	Additions	Payments	Balance June 30, 2018
BB&T	\$ 3,078	\$ --	\$ (3,078)	\$ --

As of June 30, 2018 this loan was paid in full.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

III. DETAILED NOTES ON ALL FUNDS

E. 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. As a result of the Jobs Cut and Tax Act and the reduction in the corporate tax rate, the original interest rate of 1.73% will be adjusted to 2.10% in accordance with the City’s Master Lease Agreement with Georgia Municipal Association. Quarterly payments will increase from \$33,411.04 to \$ 33,503.15 for an increase in total payments of \$459.36. Quarterly installment payments are made to BB&T. The last payment is scheduled for July 31, 2019.

	Balance June 30, 2017	Additions	Payments	Balance June 30, 2018
BB&T	\$ 294,298	\$ --	\$ (129,389)	\$ 164,909

The requirements to amortize this loan payable to Branch Banking and Trust Company as of June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2019	\$ 131,581	\$ 2,430	\$ 134,011
2020	33,328	175	33,503
Total	\$ 164,909	\$ 2,605	\$ 167,514

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

III. DETAILED NOTES ON ALL FUNDS

E. 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, 2017	Additions	Payments	Balance June 30, 2018
GEFA	\$ 270,761	\$ --	\$ (34,538)	\$ 236,223

The requirements to amortize the loan payable to GEFA as of June 30, 2018, are as follows:

Year Ended June 30,	Principal	Interest	Total Payment
2019	\$ 36,137	\$ 806	\$ 36,943
2020-2024	200,086	31,384	231,470
Total	\$ 236,223	\$ 32,190	\$ 268,413

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018. 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, 2018

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 2018.

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, 2018

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. 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 2.75% to each employee's retirement allowance subsequent to the employee's retirement date.

As of June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	26
Inactive employees entitled to but not yet receiving benefits	32
Active employees	70
	<u>128</u>

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018 was 6.56% percent of covered payroll. The City’s contributions to the plan for the year ended June 30, 2018 was \$157,815 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, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2018.

The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	2.75 percent, average, including inflation
Investment rate of return	7.50 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 investment return and inflation assumptions used in the January 1, 2018 valuation were approved by the Board in December 2017 based on the results of an actuarial study conducted by Segal in September 2017. The mortality and other actuarial assumptions used in January 1, 2018 valuation were approved by the Board in December 2014 based on the results of an actuarial experience study for the period January 1, 2010 through June 30, 2014 conducted by Segal.

CITY OF CENTERVILLE, GEORGIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2017 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%	6.71%
International equity	20%	7.71%
Real estate	10%	5.21%
Global fixed income	5%	3.36%
Domestic fixed income	20%	2.11%
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.50 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, 2018

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, 2016	\$ 4,550,141	\$ 4,907,294	\$ (357,153)
Changes for the year:			
Service cost	109,972	--	109,972
Interest	345,420	--	345,420
Differences between expected and actual experience	113,790	--	113,790
Contributions-City	--	148,580	(148,580)
Net investment income	--	736,225	(736,225)
Benefit payments	(186,228)	(186,228)	--
Administrative expense	--	(17,983)	17,983
Other	(91,351)	--	(91,351)
Net changes	291,603	680,594	(388,991)
Balance September 30, 2017	\$ 4,841,744	\$ 5,587,888	\$ (746,144)

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.50 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 (6.50%) or 1 percentage point higher (8.50%) than the current rate:

	1% Decrease	Current	1% Increase
	6.50%	Discount Rate 7.50%	8.50%
City's Net Pension Liability (Asset)	\$ (54,067)	\$ (746,144)	\$ (1,311,784)

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, 2018

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, 2018, the City recognized pension income of \$163,756. As of June 30, 2018 the City reported deferred outflows of resources and deferred inflow of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 85,344	\$ (151,214)
Changes of assumptions	--	(185,147)
Net difference between projected and actual earnings on pension plan investments	117,365	(405,447)
Contributions subsequent to measurement date	<u>118,361</u>	<u>--</u>
Total	<u>\$ 321,070</u>	<u>\$ (741,808)</u>

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2019	\$ (258,970)
2020	(112,181)
2021	(96,337)
2022	(71,612)

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, 2018

IV. OTHER INFORMATION

C. Pension Plan

The City's policemen are eligible to participate in the State of Georgia Police Officers Annuity and Benefit Fund. 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. The City pays monthly membership dues for officers upon their one year anniversary. 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. Contributions are made through monthly dues by eligible firefighters electing to participate in this plan and a 1% tax on premiums for fire insurance sold in the state of Georgia. The City pays monthly membership dues for firefighters upon their one year anniversary. 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, 2018 the City has a commitment of \$25,797 for the refurbish of a ladder truck for the Centerville Fire Department. City purchased the truck in April 2018 and will use the \$25,797 for refurbishing the truck.

E. Evaluation of Subsequent Events

The City assessed events that have occurred subsequent to June 30, 2018 through the date of issuance for potential recognition and disclosure in the financial statements.

The City paid in full the Georgia Environmental Facilities Authority loan borrowed for the Sentry Oaks Sewer Project (Note III-F), as of July 2018.

No additional events have occurred that would require adjustment to the disclosures in the City's statements which were available to be issued on November 30, 2018.

**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>2018</u>	<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>
Total pension liability										
Service cost	\$ 109,972	\$ 98,872	\$ 112,022	\$ 115,947						
Interest	345,420	331,470	332,127	356,024						
Changes of benefit terms	--	--	--	--						
Differences between expected and actual experience	113,790	(73,727)	(280,472)	(10,809)						
Changes of assumptions	(91,351)	--	--	(583,163)						
Benefit payments	(186,228)	(167,007)	(177,310)	(195,381)						
Net change in total pension liability	<u>291,603</u>	<u>189,608</u>	<u>(13,633)</u>	<u>(317,382)</u>						
Total pension liability-beginning	<u>4,550,141</u>	<u>4,360,533</u>	<u>4,374,166</u>	<u>4,691,548</u>						
Total pension liability-ending (a)	<u>\$ 4,841,744</u>	<u>\$ 4,550,141</u>	<u>\$ 4,360,533</u>	<u>\$ 4,374,166</u>						
Plan fiduciary net position										
Contributions-employer	\$ 148,580	\$ 143,152	\$ 303,328	\$ 231,397						
Contributions-employee	--	--	--	--						
Net investment income	736,225	494,952	43,401	437,417						
Benefit payments	(186,228)	(167,007)	(177,310)	(195,381)						
Administrative expense	(17,983)	(10,373)	(11,630)	(9,368)						
Other	--	--	--	--						
Net change in plan fiduciary net position	<u>680,594</u>	<u>460,724</u>	<u>157,789</u>	<u>464,065</u>						
Plan fiduciary net position-beginning	<u>4,907,294</u>	<u>4,446,570</u>	<u>4,288,781</u>	<u>3,824,716</u>						
Plan fiduciary net position-ending (b)	<u>\$ 5,587,888</u>	<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>\$ (746,144)</u>	<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)	115.41%	107.85%	101.97%	98.05%						
Covered-employee payroll	\$ 2,406,869	* \$ 1,980,551	\$ 1,978,438	\$ 1,849,132						
City's net pension liability (asset) as a percentage of covered-employee payroll	(31.00)%	(18.03)%	(4.35)%	4.62%						

*Based on the valuation date of January 1, 2018

See accompanying independent auditor's report

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

	<u>2018</u>	<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>
Actuarially determined contribution	\$ 157,815	\$ 145,502	\$ 142,369	\$ 212,926						
Contributions in relation to the actuarially determined contribution	<u>157,815</u>	<u>145,502</u>	<u>142,369</u>	<u>341,044</u>						
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (128,118)</u>						
Covered-employee payroll	\$ 2,406,869	\$ 1,980,551	\$ 1,978,438	\$ 1,849,132						
Contributions as a percentage of covered-employee payroll	6.56%	7.35%	7.20%	18.44%						

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

*Based on the City's 2018 fiscal year

Notes to Schedule

Valuation Date: January 1, 2018

The Actuarially determined contribution rate was determined as of January 1, 2018, 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, 2019.

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	2.75%
Salary increases	2.75% plus service based merit increases
Investment rate of return	7.50% net pension plan investment expense, including inflation
Retirement age	65
Mortality	The mortality and economic actuarial assumptions used in the January 1, 2018 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, 2018, 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, 2019.

See accompanying independent auditor's report

**CITY OF CENTERVILLE, GEORGIA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2018**

	<u>Special Revenue</u>		<u>Capital Project</u>		Total Nonmajor Governmental Funds
	Confiscated	Center	Transportation	LMIG	
	Assets	Park	Enhancement Fund		
<u>ASSETS</u>					
Cash and cash equivalents	\$ 35,237	\$ 10,893	\$ --	\$ --	\$ 46,130
Interfund receivable	--	--	--	88,335	88,335
Due from other governments	--	--	14,999	--	14,999
Total assets	<u>\$ 35,237</u>	<u>\$ 10,893</u>	<u>\$ 14,999</u>	<u>\$ 88,335</u>	<u>\$ 149,464</u>
<u>LIABILITIES</u>					
Liabilities:					
Due to other funds	\$ --	\$ 100	\$ 14,999	\$ --	\$ 15,099
Due to others	10,244	--	--	--	10,244
Total liabilities	<u>10,244</u>	<u>100</u>	<u>14,999</u>	<u>--</u>	<u>25,343</u>
FUND BALANCE-					
Restricted	24,993	10,793	--	88,335	124,121
Total fund balances	<u>24,993</u>	<u>10,793</u>	<u>--</u>	<u>88,335</u>	<u>124,121</u>
Total liabilities and fund balances	<u>\$ 35,237</u>	<u>\$ 10,893</u>	<u>\$ 14,999</u>	<u>\$ 88,335</u>	<u>\$ 149,464</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, 2018**

	<u>Special Revenue</u>		<u>Capital Projects</u>		Total Nonmajor Governmental Funds
	<u>Confiscated Assets</u>	<u>Center Park</u>	<u>Transportation Enhancement</u>	<u>LMIG</u>	
Revenues -					
Intergovernmental	\$ -	\$ --	\$ 51,974	\$ 170,592	\$ 222,566
Confiscations	643	--	--	--	643
Donations	--	578	--	--	578
Grants	--	10,000	--	--	10,000
Merchandise sales	--	218	--	--	218
Total revenues	<u>643</u>	<u>10,796</u>	<u>51,974</u>	<u>170,592</u>	<u>234,005</u>
Expenditures -					
Current-					
Supplies	3,000	--	--	--	3,000
Dues and fees	--	3	--	--	3
Capital outlay	--	--	65,295	82,257	147,552
Total expenditures	<u>3,000</u>	<u>3</u>	<u>65,295</u>	<u>82,257</u>	<u>150,555</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,357)</u>	<u>10,793</u>	<u>(13,321)</u>	<u>88,335</u>	<u>83,450</u>
Other financing sources					
Transfer in	--	--	37,527	--	37,527
Net change in fund balance	(2,357)	10,793	24,206	88,335	120,977
Fund balance (deficit), beginning of year	<u>27,350</u>	<u>--</u>	<u>(24,206)</u>	<u>--</u>	<u>3,144</u>
Fund balance, end of year	<u>\$ 24,993</u>	<u>\$ 10,793</u>	<u>\$ --</u>	<u>\$ 88,335</u>	<u>\$ 124,121</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, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
ASSETS				
Cash	\$ 29,742	\$ 668,790	\$ 680,616	\$ 17,916
Due from others	5,655	256,606	260,534	1,727
Total assets	\$ 35,397	\$ 925,396	\$ 941,150	\$ 19,643
LIABILITIES				
Due to others	\$ 35,397	\$ 908,758	\$ 924,512	\$ 19,643
Total liabilities	\$ 35,397	\$ 908,758	\$ 924,512	\$ 19,643

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, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget
Revenues-				
Confiscations	\$ --	\$ 643	\$ 643	\$ --
Total revenues	<u> --</u>	<u> 643</u>	<u> 643</u>	<u> --</u>
Expenditures:				
Current -				
Materials and supplies - State	1,000	1,000	1,000	--
Material and supplies - DOJ	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u> --</u>
Total expenditures	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u> --</u>
Net change in fund balance	(3,000)	(2,357)	(2,357)	<u>\$ --</u>
Fund balance, beginning of year	<u>27,350</u>	<u>27,350</u>	<u>27,350</u>	
Fund balance, end of year	<u>\$ 24,350</u>	<u>\$ 24,993</u>	<u>\$ 24,993</u>	

See accompanying independent auditor's report

**CITY OF CENTERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CENTER PARK – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget
Revenues-				
Donations	\$ --	\$ 578	\$ 578	\$ --
Grants	--	10,000	10,000	--
Merchandise sales	--	218	218	--
Total revenues	--	10,796	10,796	--
Expenditures:				
Current -				
Dues and fees	--	4	3	1
Total expenditures	--	4	3	1
Net change in fund balance	--	10,792	10,793	\$ (1)
Fund balance, beginning of year	--	--	--	
Fund balance, end of year	\$ --	\$ 10,792	\$ 10,793	

See accompanying independent auditor's report

**CITY OF CENTERVILLE, GEORGIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
TRANSPORTATION ENHANCEMENT – CAPITAL PROJECTS FUND
FROM THE INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	Prior Years Actual	Current Year Actual	Total Actual To Date	Project Authorization
Revenues				
Intergovernmental:				
Grants - State - Department of Transportation	\$ 96,826	\$ 51,974	\$ 148,800	\$ 148,800
Total revenues	<u>96,826</u>	<u>51,974</u>	<u>148,800</u>	<u>148,800</u>
Expenditures				
Capital outlay:				
Infrastructure	121,032	65,295	186,327	186,327
Total expenditures	<u>121,032</u>	<u>65,295</u>	<u>186,327</u>	<u>186,327</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(24,206)</u>	<u>(13,321)</u>	<u>(37,527)</u>	<u>(37,527)</u>
Other financing sources				
Transfer in	<u>--</u>	<u>37,527</u>	<u>37,527</u>	<u>37,527</u>
Net change in fund balance	<u>\$ (24,206)</u>	<u>24,206</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning of year		<u>(24,206)</u>		
Fund balance (deficit), end 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
LMIG GRANT CAPITAL PROJECT FUND
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Prior Years Actual</u>	<u>Current Year Actual</u>	<u>Total Actual to Date</u>	<u>Project Authorization</u>
Revenues -				
Intergovernmental -				
LMIG grant revenue	\$ --	\$ 170,592	\$ 170,592	\$ 170,592
Total revenues	<u>--</u>	<u>170,592</u>	<u>170,592</u>	<u>170,592</u>
Expenditures -				
Capital outlay -				
Streets	--	82,257	82,257	342,182
Total expenditures	<u>--</u>	<u>82,257</u>	<u>82,257</u>	<u>342,182</u>
Excess (deficit) of revenues over (under) expenditures	<u>--</u>	<u>88,335</u>	<u>88,335</u>	<u>(171,590)</u>
Net change in fund balance	<u>\$ --</u>	<u>88,335</u>	<u>\$ 88,335</u>	<u>\$ --</u>
Fund balance, beginning of year		<u>--</u>		
Fund balance, ending of year		<u>\$ 88,335</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, 2018**

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
Revenues -				
Intergovernmental:				
Special purpose local option sales tax	\$ 3,238,343	\$ 773,595	\$ 4,011,938	\$ 5,050,000
Interest income	7,290	2,025	9,315	--
Interest income - loan proceeds	718	--	718	--
Total revenues	<u>3,246,351</u>	<u>775,620</u>	<u>4,021,971</u>	<u>5,050,000</u>
Expenditures:				
Capital outlay:				
Road construction/reconstruction	415,438	48,209	463,647	706,500
Water and sewer system improvement	163,562	--	163,562	706,500
Public safety facilities and equipment	2,802,172	6,932	2,809,104	3,000,000
Debt service:				
Principal	2,383,082	616,918	3,000,000	589,151
Interest	119,386	8,699	128,085	47,849
Total expenditures	<u>5,883,640</u>	<u>680,758</u>	<u>6,564,398</u>	<u>5,050,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,637,289)</u>	<u>94,862</u>	<u>(2,542,427)</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 balance	<u>\$ 237,711</u>	94,862	<u>\$ 332,573</u>	<u>\$ --</u>
Fund balance, beginning of year		<u>237,711</u>		
Fund balance, ending of year		<u>\$ 332,573</u>		

See accompanying independent auditor's report

II. COMPLIANCE SECTION

**CITY OF CENTERVILLE, GEORGIA
SCHEDULE OF EXPENDITURES OF
SPECIAL PURPOSE LOCAL OPTION
SALES TAX PROCEEDS
FOR THE YEAR ENDED JUNE 30, 2018**

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	\$ 48,209	\$ 463,647
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	<u>3,000,000</u>	<u>3,000,000</u>	<u>2,802,172</u>	<u>6,932</u>	<u>2,809,104</u>
Sub-total	<u>5,050,000</u>	<u>5,050,000</u>	<u>3,506,172</u>	<u>55,141</u>	<u>3,561,313</u>
Reconciling item to adjust for payments on debt related to 2012 Project -					
Payments on debt	<u>--</u>	<u>3,128,085</u>	<u>* 2,502,468</u>	<u>625,617</u>	<u>3,128,085</u>
Reconciled total	<u>\$ 5,050,000</u>	<u>\$ 8,178,085</u>	<u>\$ 6,008,640</u>	<u>\$ 680,758</u>	<u>\$ 6,689,398</u>

* Current estimated costs were updated in these financial statements to agree to the original loan agreement.

See accompanying independent auditor's report



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

To the 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, 2018, 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 November 30, 2018.

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 2018-1 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 2018-2 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.

Richards, Cauley + Associates, LLC

Warner Robins, Georgia
November 30, 2018

See accompanying independent auditor's report

CITY OF CENTERVILLE, GEORGIA

SCHEDULE OF FINDINGS AND RESPONSES

YEAR ENDED JUNE 30, 2018

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 2018-1 through 2018-2). We consider item 2018-1 to be a material weakness and item 2018-2 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:

2018-1

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 and practices oversight by the governing authority in requiring two members to sign all City checks.

CITY OF CENTERVILLE, GEORGIA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2018

2018-2

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 59,862,014 gallons of water, or 19% of gallons sold, were unaccounted for during fiscal year 2018.

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 increased from 14% in FY 2017 to 19% in FY 2018 as well as the total number of gallons unaccounted for has increased from 47,380,737 in FY 2017 to 59,862,014 gallons for FY 2018.

PRIOR YEAR AUDIT FINDINGS

Prior Year Material Weakness – Current year material weakness 2018-1 was prior year material weakness 2017-1.

Prior Year Significant Deficiency – Current year significant deficiency 2018-2 was prior year significant deficiency 2017-2.

See accompanying independent auditor's report

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