

**CITY OF CENTERVILLE, GEORGIA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**TABLE OF CONTENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

---

	<u><b>Pages(s)</b></u>
<b><u>I. FINANCIAL SECTION</u></b>	
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 3
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)</b>	4 – 12
<b>BASIC FINANCIAL STATEMENTS:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position	13
Statement of Activities	14
<b>Fund Financial Statements:</b>	
<b>Governmental Funds:</b>	
Balance Sheet – Governmental Funds	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	18
<b>Proprietary Funds:</b>	
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21 - 22
<b>Fiduciary Fund:</b>	
Statement of Fiduciary Assets and Liabilities – Agency Fund	23
<b>Notes to Financial Statements</b>	24 - 51
<b>REQUIRED SUPPLEMENTARY INFORMATION -</b>	
Schedule of Changes in the City's Net Pension Liability (Asset) and Related Ratios	52
Schedule of Contributions	53
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	55
Statement of Changes in Assets and Liabilities – Agency Fund	56

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

**TABLE OF CONTENTS**

**FOR THE YEAR ENDED JUNE 30, 2019**

---

	<b><u>Pages(s)</u></b>
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Confiscated Assets – Special Revenue Fund	57
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Center Park – Special Revenue Fund	58
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – LMIG Grant – Capital Project Fund	59
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – SPLOST – Capital Projects Fund	60
 <b><u>II. COMPLIANCE SECTION</u></b> 	
Schedule of Expenditures of Special Purpose Local Option Sales Tax Proceeds	61
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	62 - 63
Schedule of Findings and Responses	64 - 65

## **I. FINANCIAL SECTION**

**o INDEPENDENT AUDITOR'S REPORT**

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

**o BASIC FINANCIAL STATEMENTS**

**o REQUIRED SUPPLEMENTARY INFORMATION**

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



## NICHOLS, CAULEY & ASSOCIATES, LLC

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

### INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council  
City of Centerville, Georgia

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville, as of and for the year ended June 30, 2019, 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, 2019, 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 52 and 53 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 of 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  
City of Centerville, Georgia

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 December 13, 2019 on our consideration of the City of Centerville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Centerville's internal control over financial reporting and compliance.

*Nichols, Cauley + Associates, LLC*

Warner Robins, Georgia  
December 13, 2019

**CITY OF CENTERVILLE, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**  
**(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, 2019. Please review in conjunction with the City's financial statements.

**FINANCIAL HIGHLIGHTS**

Assets and deferred outflows exceeded the City's liabilities and deferred inflows in the amount of \$25,713.1 thousand for the governmental activities and \$10,461.7 thousand for the business-type activities for a total net position of \$36,174.8 thousand. This is in comparison to prior year total net position of \$35,048.1 thousand and reflects an increase of \$1,126.7 thousand in net position.

In the Government-wide statement of activities, revenues (including transfers) and expenses for the governmental activities were \$5,161.9 thousand and \$4,747.7 thousand, respectively, with a change in net position of \$414.2 thousand. This is compared with prior year revenues (including transfers) of \$5,455.9 thousand and expenses of \$4,292.7 thousand, respectively.

In the Government-wide statement of activities, revenues (including transfers) and expenses for the business-type activities were \$3,744.8 thousand and \$3,032.3 thousand with a change in net position of \$712.5 thousand. This is compared with prior year revenues (including transfers) of \$3,459.7 thousand and expenses of \$2,941.0 thousand.

In the fund financial statements the City's governmental funds reported a combined ending fund balance of \$4,264.7 thousand in comparison with prior years combined ending fund balance of \$4,091.6 thousand, an increase of \$173.1 thousand.

As of June 30, 2019, general fund unassigned fund balance was \$3,290.2 thousand or 69.1% 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, 2019**  
**(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 deferred outflows and liabilities and deferred inflows 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.

**CITY OF CENTERVILLE, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**  
**(UNAUDITED)**

---

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 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. These governmental fund statements can be found on pages 15-18.

- **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. Refer to pages 19-22 for proprietary fund statements.
- **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 51 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 52 and 53 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 54.

**CITY OF CENTERVILLE, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019  
(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 and deferred outflows exceeded liabilities and deferred inflows by \$36,174.8 thousand, which is an increase of \$1,126.7 thousand or 3.2% from fiscal year 2018.

**City of Centerville, Georgia's Net Position  
June 30, 2019 and 2018  
(in thousands)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 4,557.8	\$ 4,369.7	\$ 4,893.7	\$ 4,290.6	\$ 9,451.5	\$ 8,660.3
Capital assets	21,120.0	21,208.1	5,929.0	6,136.6	27,049.0	27,344.7
Net pension asset	723.4	589.4	180.8	156.7	904.2	746.1
Total assets	26,401.2	26,167.2	11,003.5	10,583.9	37,404.7	36,751.1
Deferred outflows of resources	170.5	280.7	26.9	40.4	197.4	321.1
Current and other liabilities	432.0	504.3	438.8	498.4	870.8	1,002.7
Noncurrent liabilities	42.4	70.9	9.3	208.7	51.7	279.6
Total liabilities	474.4	575.2	448.1	707.1	922.5	1,282.3
Deferred inflows of resources	384.2	573.8	120.6	168.0	504.8	741.8
Net position:						
Net investment						
in capital assets	21,086.6	21,043.2	5,929.0	5,900.3	27,015.6	26,943.5
Restricted	929.5	456.7	--	--	929.5	456.7
Unrestricted	3,697.0	3,799.0	4,532.7	3,848.9	8,229.7	7,647.9
Total net position	\$ 25,713.1	\$ 25,298.9	\$ 10,461.7	\$ 9,749.2	\$ 36,174.8	\$ 35,048.1

As a whole the City of Centerville assets and deferred outflows exceeded liabilities and deferred inflows by \$36,174.8 thousand at the close of fiscal year June 30, 2019. Of the \$36,174.8 thousand in total net position, \$27,015.6 thousand or 74.7% reflects net investment in capital assets (i.e., land, infrastructure, buildings, machinery and equipment), \$929.5 thousand or 2.6% is restricted net position and \$8,229.7 thousand or 22.7% is unrestricted net position.

**CITY OF CENTERVILLE, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019  
(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, 2019 and 2018.

**City of Centerville, Georgia's Changes in Net Position  
For the Years Ended June 30, 2019 and 2018  
(in thousands)**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program revenues:						
Charges for services	\$ 690.4	\$ 655.6	\$ 3,567.4	\$ 3,479.3	\$ 4,257.8	\$ 4,134.9
Operating grants and contributions	15.5	46.9	--	--	15.5	46.9
Capital grants and contributions	942.0	1,077.0	--	--	942.0	1,077.0
General revenues:						
Property taxes	2,402.7	2,379.9	--	--	2,402.7	2,379.9
Other taxes	1,156.1	1,096.1	--	--	1,156.1	1,096.1
Interest income	0.1	0.1	1.1	0.8	1.2	0.9
Other general revenues	18.8	65.4	112.6	114.5	131.4	179.9
Total revenues	5,225.6	5,321.0	3,681.1	3,594.6	8,906.7	8,915.6
Program expenses:						
General government	702.2	648.2	--	--	702.2	648.2
Municipal court	178.8	159.4	--	--	178.8	159.4
Probation	57.5	53.9	--	--	57.5	53.9
Public safety	3,110.5	2,737.8	--	--	3,110.5	2,737.8
Public works	551.4	565.7	--	--	551.4	565.7
Parks	0.2	8.6	--	--	0.2	8.6
Economic development	144.7	106.1	--	--	144.7	106.1
Interest on long-term debt	2.4	13.0	--	--	2.4	13.0
Business activities:						
Water and sewer	--	--	2,153.9	2,080.0	2,153.9	2,080.0
Sanitation	--	--	820.7	796.0	820.7	796.0
Storm water utility	--	--	57.7	65.0	57.7	65.0
Total expenses	4,747.7	4,292.7	3,032.3	2,941.0	7,780.0	7,233.7
Excess before contributions and transfers	477.9	1,028.3	648.8	653.6	1,126.7	1,681.9
Transfers	(63.7)	134.9	63.7	(134.9)	--	--
Increase in net position	\$ 414.2	\$ 1,163.2	\$ 712.5	\$ 518.7	\$ 1,126.7	\$ 1,681.9

**CITY OF CENTERVILLE, GEORGIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2019**  
**(UNAUDITED)**

---

As a whole, the City of Centerville's net position increased \$1,126.7 thousand as of the close of the fiscal year June 30, 2019. Of this increase, \$414.2 thousand or 36.8% is attributable to the governmental activities and \$712.5 thousand or 63.2% 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 2019, the City's governmental funds reported combined ending fund balance of approximately \$4,264.7 thousand or an increase of approximately \$173.1 thousand when compared with prior year.

This increase of fund balance in the amount of \$173.1 thousand is comprised of a decrease of \$299.7 thousand in the general fund and an increase of \$414.9 and 57.9 thousand in the SPLOST fund and non-major governmental funds, respectively.

The General Fund is the chief operating fund of the City. As of June 30, 2019, the total unassigned fund balance of the general fund was \$3,290.2 thousand. Unassigned fund balance represents approximately 69.1% 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 2019 amounted to \$4,532.7 thousand, a decrease of \$683.8 thousand.

**CITY OF CENTERVILLE, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019  
(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 \$301.4 thousand increase. General fund actual expenditures of \$4,761.2 thousand was 77.1% of the final amended appropriations of \$6,175.2 thousand or \$1,414.0 thousand less than the final budget.

**CAPITAL ASSETS**

The City's capital assets for its governmental and business-type activities as of June 30, 2019 total \$27,048.9 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 \$295.8 thousand for the fiscal year ended June 30, 2019.

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	
	2019	2018	2019	2018	2019	2018
Land and improvements	\$ 552.3	\$ 371.1	\$ 798.5	\$ 798.5	\$ 1,350.8	\$ 1,169.6
Construction in progress	4,341.7	4,306.0	--	--	4,341.7	4,306.0
Buildings and improvements	4,164.3	4,270.6	1,859.3	1,899.5	6,023.6	6,170.1
Infrastructure	11,467.9	11,520.6	3,111.2	3,235.9	14,579.1	14,756.5
Equipment	593.7	739.8	160.0	202.7	753.7	942.5
<b>Totals</b>	<b>\$ 21,119.9</b>	<b>\$ 21,208.1</b>	<b>\$ 5,929.0</b>	<b>\$ 6,136.6</b>	<b>\$ 27,048.9</b>	<b>\$ 27,344.7</b>

**CITY OF CENTERVILLE, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019  
(UNAUDITED)**

---

**DEBT MANAGEMENT**

The City's long-term obligations for its governmental and business-type activities as of June 30, 2019 totals \$221.2 thousand in comparison to \$571.8 thousand in the prior year. This change reflects a decline of \$350.6 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	
	2019	2018	2019	2018	2019	2018
Notes and other obligations	\$ 181.3	\$ 297.2	\$ 39.8	\$ 274.6	\$ 221.1	\$ 571.8

Refer to Note III-D 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 2019.

Factors considered in preparation of the Fiscal Year 2020 Budget include:

- No change in millage rate for Centerville residents
- Begin Phase I of Center Park
- Projects for resurfacing of City Streets
- Widening of Church Street
- Design Phase – Construction New Fire Station – SPLOST 18 Project

As of June 30, 2019, the unemployment rate for the Middle Georgia Region (Houston County) was 4.2% vs the state rate of 3.7%. This rate is consistent with the 2018 Middle Georgia Region rate of 4.2%, but is a decrease from the 2018 state rate of 4.2%.

**CITY OF CENTERVILLE, GEORGIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019  
(UNAUDITED)**

---

**CONTACT INFORMATION**

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

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

**CITY OF CENTERVILLE, GEORGIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 4,305,409	\$ 4,404,370	\$ 8,709,779
Receivables, net of write-offs:			
Taxes	2,856	--	2,856
Accounts	114,360	71,318	185,678
Unbilled accounts	--	298,927	298,927
Interfund	90,237	17,371	107,608
Inventory, at cost	--	78,251	78,251
Prepaid items	44,955	23,500	68,455
Total current assets	<u>4,557,817</u>	<u>4,893,737</u>	<u>9,451,554</u>
Non-current assets:			
Capital assets:			
Land and other non-depreciable assets	4,894,102	798,462	5,692,564
Capital assets, net of accumulated depreciation	<u>16,225,860</u>	<u>5,130,509</u>	<u>21,356,369</u>
Capital assets, net	21,119,962	5,928,971	27,048,933
Net pension asset	<u>723,385</u>	<u>180,845</u>	<u>904,230</u>
Total non-current assets	<u>21,843,347</u>	<u>6,109,816</u>	<u>27,953,163</u>
Total assets	<u>26,401,164</u>	<u>11,003,553</u>	<u>37,404,717</u>
<b>DEFERRED OUTFLOWS OF RESOURCES-</b>			
Deferred outflows related to pensions	<u>170,555</u>	<u>26,924</u>	<u>197,479</u>

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	104,065	72,942	177,007
Other liabilities	98,743	19,013	117,756
Customer deposits	--	299,000	299,000
Interfund payables	90,237	17,371	107,608
Compensated absences	105,640	30,459	136,099
Notes payable - other	33,328	--	33,328
Total current liabilities	<u>432,013</u>	<u>438,785</u>	<u>870,798</u>
Noncurrent liabilities-			
Compensated absences	42,399	9,354	51,753
Total liabilities	<u>474,412</u>	<u>448,139</u>	<u>922,551</u>
<u>DEFERRED INFLOWS OF RESOURCES-</u>			
Deferred inflows related to pensions	<u>384,184</u>	<u>120,637</u>	<u>504,821</u>
<u>NET POSITION:</u>			
Net investment			
in capital assets	21,086,634	5,928,971	27,015,605
Restricted for capital projects	821,762	--	821,762
Restricted for law enforcement	27,306	--	27,306
Restricted for park programs	80,463	--	80,463
Unrestricted	3,696,958	4,532,730	8,229,688
Total net position	<u>\$ 25,713,123</u>	<u>\$ 10,461,701</u>	<u>\$ 36,174,824</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, 2019**

<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	\$ 702,216	\$ 169,415	\$ 4,000
Municipal court	178,818	--	--
Probation	57,502	96,167	--
Public safety	3,110,472	424,065	11,493
Public works	551,360	753	--
Parks	250	--	--
Economic development	144,693	--	--
Interest on long-term debt	2,431	--	--
Total governmental activities	4,747,742	690,400	15,493
Business-type activities:			
Water and sewer	2,153,951	2,258,419	--
Sanitation	820,765	1,073,329	--
Storm water utility	57,671	235,651	--
Total business-type activities	3,032,387	3,567,399	--
Total primary government	\$ 7,780,129	\$ 4,257,799	\$ 15,493

General revenues:

- Property taxes
- Intangible
- Franchise
- Alcoholic beverage tax
- Insurance premium tax
- Other taxes
- Other
- Unrestricted investment earnings
- Gain (loss) 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
\$ --	\$ (528,801)	\$ --	\$ (528,801)
--	(178,818)	--	(178,818)
--	38,665	--	38,665
705,558	(1,969,356)	--	(1,969,356)
169,720	(380,887)	--	(380,887)
66,751	66,501	--	66,501
--	(144,693)	--	(144,693)
--	(2,431)	--	(2,431)
<u>942,029</u>	<u>(3,099,820)</u>	<u>--</u>	<u>(3,099,820)</u>
--	--	104,468	104,468
--	--	252,564	252,564
--	--	177,980	177,980
--	--	535,012	535,012
<u>\$ 942,029</u>	<u>(3,099,820)</u>	<u>535,012</u>	<u>(2,564,808)</u>
	2,402,724	--	2,402,724
	63,598	--	63,598
	496,324	--	496,324
	80,613	--	80,613
	511,257	--	511,257
	4,281	--	4,281
	15,530	115,916	131,446
	143	1,147	1,290
	3,245	(3,315)	(70)
	(63,709)	63,709	--
	<u>3,514,006</u>	<u>177,457</u>	<u>3,691,463</u>
	414,186	712,469	1,126,655
	25,298,937	9,749,232	35,048,169
	<u>\$ 25,713,123</u>	<u>\$ 10,461,701</u>	<u>\$ 36,174,824</u>

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

**CITY OF CENTERVILLE, GEORGIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	General Fund	SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 3,444,438	\$ 747,584	\$ 113,387	\$ 4,305,409
Receivables, (net of write-offs):				
Taxes	2,856	--	--	2,856
Accounts	114,360	--	--	114,360
Interfund	200	--	90,037	90,237
Prepaid items	44,955	--	--	44,955
Total assets	<u>\$ 3,606,809</u>	<u>\$ 747,584</u>	<u>\$ 203,424</u>	<u>\$ 4,557,817</u>
<b>LIABILITIES AND FUND</b>				
<b><u>BALANCE</u></b>				
Liabilities:				
Accounts payable	\$ 104,065	\$ --	\$ --	\$ 104,065
Other liabilities	77,466	--	21,277	98,743
Interfund payables	90,037	100	100	90,237
Total liabilities	<u>271,568</u>	<u>100</u>	<u>21,377</u>	<u>293,045</u>
Fund balances:				
Nonspendable	44,955	--	--	44,955
Restricted - capital projects	--	747,484	--	747,484
Restricted - resurface of streets	--	--	74,278	74,278
Restricted - supplies and equipment	--	--	27,306	27,306
Restricted - park programs	--	--	80,463	80,463
Unassigned	3,290,286	--	--	3,290,286
Total fund balances	<u>3,335,241</u>	<u>747,484</u>	<u>182,047</u>	<u>4,264,772</u>
Total liabilities and fund balances	<u>\$ 3,606,809</u>	<u>\$ 747,584</u>	<u>\$ 203,424</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.	21,119,962
Certain liabilities, such as compensated absences are not due and payable in the current period and, therefore, are not reported in the funds	(148,039)
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	(33,328)
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	509,756
Net position of governmental activities (page 13)	<u>\$ 25,713,123</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, 2019**

	General Fund	SPLOST	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
General property taxes	\$ 2,402,724	\$ --	\$ --	\$ 2,402,724
Other taxes	1,156,073	--	--	1,156,073
Licenses and permits	169,415	--	--	169,415
Intergovernmental revenues	4,000	754,861	90,037	848,898
Charges for services	753	--	--	753
Fines and forfeitures	419,752	--	4,313	424,065
Probation fees	96,167	--	--	96,167
Interest	143	4,196	--	4,339
Donations	11,493	--	66,751	78,244
Other revenues	12,565	--	2,965	15,530
Total revenues	<u>4,273,085</u>	<u>759,057</u>	<u>164,066</u>	<u>5,196,208</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	697,831	--	--	697,831
Municipal court	154,771	--	--	154,771
Probation	61,000	--	--	61,000
Public safety	3,048,117	--	2,000	3,050,117
Public works	296,108	--	--	296,108
Parks	220,249	--	46	220,295
Economic development	149,163	--	--	149,163
Capital outlay	--	110,389	105,894	216,283
<b>Debt service:</b>				
Principal	131,581	--	--	131,581
Interest	2,431	--	--	2,431
Total expenditures	<u>4,761,251</u>	<u>110,389</u>	<u>107,940</u>	<u>4,979,580</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(488,166)</u>	<u>648,668</u>	<u>56,126</u>	<u>216,628</u>
<b>Other financing sources (uses):</b>				
Transfers in	170,048	--	1,800	171,848
Transfers out	(1,800)	(233,757)	--	(235,557)
Insurance proceeds	20,176	--	--	20,176
Total other financing sources (uses)	<u>188,424</u>	<u>(233,757)</u>	<u>1,800</u>	<u>(43,533)</u>
Net change in fund balance	(299,742)	414,911	57,926	173,095
Fund balance, beginning of year	<u>3,634,983</u>	<u>332,573</u>	<u>124,121</u>	<u>4,091,677</u>
Fund balance, end of year	<u>\$ 3,335,241</u>	<u>\$ 747,484</u>	<u>\$ 182,047</u>	<u>\$ 4,264,772</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, 2019**

---

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)	\$ 173,095
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.	(97,374)
Governmental funds do not report capital assets, and as such, do not report gains or losses on capital assets. This is the net effect of the disposal of capital assets to decrease net position.	(16,931)
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.	26,184
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.	(15,767)
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 of change in net pension asset and changes in related deferred inflows and outflows of resources.	213,398
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related principal payments.	<u>131,581</u>
Change in net position of governmental activities (page 14)	<u><u>\$ 414,186</u></u>

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

**CITY OF CENTERVILLE, GEORGIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance Final
	Original	Final		Budget with Actual Over (Under)
Revenues:				
Taxes	\$ 3,403,909	\$ 3,403,909	\$ 3,558,797	\$ 154,888
Licenses and permits	149,055	149,055	169,415	20,360
Intergovernmental	--	--	4,000	4,000
Charges for services	300	300	753	453
Fines and forfeitures	390,000	390,000	419,752	29,752
Probation fees	75,000	75,000	96,167	21,167
Interest on investments	10	10	143	133
Donations	--	--	11,493	11,493
Other	4,000	4,000	12,565	8,565
Total revenues	<u>4,022,274</u>	<u>4,022,274</u>	<u>4,273,085</u>	<u>250,811</u>
Expenditures:				
Current:				
General government:				
Legislative	133,295	133,295	132,305	(990)
Financial administration	422,854	431,322	386,134	(45,188)
Law	185,972	185,972	179,392	(6,580)
Total general government	<u>742,121</u>	<u>750,589</u>	<u>697,831</u>	<u>(52,758)</u>
Municipal court	<u>151,984</u>	<u>156,754</u>	<u>154,771</u>	<u>(1,983)</u>
Probation	<u>60,790</u>	<u>61,440</u>	<u>61,000</u>	<u>(440)</u>
Public safety:				
Fire	1,208,022	1,323,277	1,213,413	(109,864)
Police	1,620,596	1,789,877	1,773,261	(16,616)
Animal control	61,208	62,534	61,443	(1,091)
Total public safety	<u>2,889,826</u>	<u>3,175,688</u>	<u>3,048,117</u>	<u>(127,571)</u>
Public works:				
Streets	360,586	360,537	256,682	(103,855)
Protective inspection	46,379	47,580	39,426	(8,154)
Total public works	<u>406,965</u>	<u>408,117</u>	<u>296,108</u>	<u>(112,009)</u>
Parks	<u>1,334,938</u>	<u>1,334,938</u>	<u>220,249</u>	<u>(1,114,689)</u>
Economic development	<u>153,266</u>	<u>153,739</u>	<u>149,163</u>	<u>(4,576)</u>
Debt service:				
Principal	131,582	131,582	131,581	(1)
Interest	2,432	2,432	2,431	(1)
Total debt service	<u>134,014</u>	<u>134,014</u>	<u>134,012</u>	<u>(2)</u>
Total expenditures	<u>5,873,904</u>	<u>6,175,279</u>	<u>4,761,251</u>	<u>(1,414,028)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,851,630)</u>	<u>(2,153,005)</u>	<u>(488,166)</u>	<u>1,664,839</u>
Other financing sources (uses):				
Transfers in	636,662	636,662	170,048	(466,614)
Transfers out	--	(1,800)	(1,800)	--
Insurance proceeds	--	--	20,176	20,176
Appropriated fund balance	1,214,968	1,518,143	--	(1,518,143)
Total other financing sources (uses)	<u>1,851,630</u>	<u>2,153,005</u>	<u>188,424</u>	<u>(1,964,581)</u>
Net change in fund balance	<u>\$ --</u>	<u>\$ --</u>	<u>(299,742)</u>	<u>\$ (299,742)</u>
Fund balance, beginning of year			<u>3,634,983</u>	
Fund balance, end of year			<u>\$ 3,335,241</u>	

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

**CITY OF CENTERVILLE, GEORGIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2019**

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	
	Water and Sewer	Sanitation	Storm Water Utility	Total
<b>ASSETS:</b>				
Current assets:				
Cash and cash equivalents	\$ 3,971,848	\$ --	\$ 432,522	\$ 4,404,370
Receivables, net of write-offs:				
Accounts	8,923	22,912	39,483	71,318
Unbilled accounts	190,506	88,616	19,805	298,927
Interfund	--	--	17,371	17,371
Inventory, at cost	78,251	--	--	78,251
Prepays	23,500	--	--	23,500
Total current assets	<u>4,273,028</u>	<u>111,528</u>	<u>509,181</u>	<u>4,893,737</u>
Noncurrent assets:				
Capital assets:				
Land and other non-depreciable assets	798,462	--	--	798,462
Depreciable capital assets, net of accumulated depreciation	<u>5,126,685</u>	<u>3,824</u>	<u>--</u>	<u>5,130,509</u>
Capital assets, net	<u>5,925,147</u>	<u>3,824</u>	<u>--</u>	<u>5,928,971</u>
Net pension asset	<u>180,845</u>	<u>--</u>	<u>--</u>	<u>180,845</u>
Total noncurrent assets	<u>6,105,992</u>	<u>3,824</u>	<u>--</u>	<u>6,109,816</u>
Total assets	<u>10,379,020</u>	<u>115,352</u>	<u>509,181</u>	<u>11,003,553</u>
<b>DEFERRED OUTFLOWS OF RESOURCES-</b>				
Deferred outflows related to pensions	<u>26,924</u>	<u>--</u>	<u>--</u>	<u>26,924</u>

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	Total
	Water and Sewer	Sanitation	Storm Water Utility	
<u>LIABILITIES:</u>				
Current liabilities:				
Accounts payable	62,433	10,509	--	72,942
Other liabilities	19,013	--	--	19,013
Customer deposits	299,000	--	--	299,000
Interfund payables	17,371	--	--	17,371
Compensated absences	30,459	--	--	30,459
Total current liabilities	428,276	10,509	--	438,785
Noncurrent liabilities-				
Compensated absences	9,354	--	--	9,354
Total liabilities	437,630	10,509	--	448,139
<u>DEFERRED INFLOWS OF RESOURCES-</u>				
Deferred inflows related to pensions	120,637	--	--	120,637
<u>NET POSITION:</u>				
Investment in capital assets	5,925,147	3,824	--	5,928,971
Unrestricted	3,922,530	101,019	509,181	4,532,730
Total net position	\$ 9,847,677	\$ 104,843	\$ 509,181	\$ 10,461,701

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, 2019**

	Business-type Activities - Enterprise Funds			Total
	Major		Nonmajor	
	Water and Sewer	Sanitation	Storm Water Utility	
Operating revenues:				
Charges for services	\$ 2,258,419	\$ 1,073,329	\$ 235,651	\$ 3,567,399
Other	98,710	17,206	--	115,916
Total operating revenues	<u>2,357,129</u>	<u>1,090,535</u>	<u>235,651</u>	<u>3,683,315</u>
Operating expenses:				
Personal services	719,920	--	33,180	753,100
Contractual services	716,417	804,561	23,565	1,544,543
Supplies	228,937	4,577	234	233,748
Materials	135,337	2,435	--	137,772
Heat, light, and power	102,512	2,599	--	105,111
Bad debt expense	19,747	6,115	692	26,554
Depreciation	230,338	478	--	230,816
Total operating expenses	<u>2,153,208</u>	<u>820,765</u>	<u>57,671</u>	<u>3,031,644</u>
Operating income	<u>203,921</u>	<u>269,770</u>	<u>177,980</u>	<u>651,671</u>
Nonoperating revenues (expenses):				
Interest revenue	1,147	--	--	1,147
Interest expense	(743)	--	--	(743)
Loss on disposal of capital assets	(3,315)	--	--	(3,315)
Total nonoperating expenses, net	<u>(2,911)</u>	<u>--</u>	<u>--</u>	<u>(2,911)</u>
Net income before transfers	<u>201,010</u>	<u>269,770</u>	<u>177,980</u>	<u>648,760</u>
Transfers in	399,298	--	--	399,298
Transfers out	(70,048)	(265,541)	--	(335,589)
Net transfers	<u>329,250</u>	<u>(265,541)</u>	<u>--</u>	<u>63,709</u>
Change in net position	530,260	4,229	177,980	712,469
Net position, beginning	<u>9,317,417</u>	<u>100,614</u>	<u>331,201</u>	<u>9,749,232</u>
Net position, ending	<u>\$ 9,847,677</u>	<u>\$ 104,843</u>	<u>\$ 509,181</u>	<u>\$ 10,461,701</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, 2019**

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	
	Water and Sewer	Sanitation	Storm Water Utility	Total
Cash flows from operating activities:				
Cash received from customers	\$ 2,248,855	\$ 1,068,948	\$ 219,443	\$ 3,537,246
Cash received from other	98,710	17,206	--	115,916
Cash paid to suppliers for goods and services	(521,853)	(16,052)	(24)	(537,929)
Cash paid to employees for services	(559,776)	--	(25,154)	(584,930)
Cash paid for contractual services	(716,417)	(804,561)	(23,565)	(1,544,543)
Cash paid for employee taxes and benefits	(215,907)	--	(8,026)	(223,933)
Net cash provided by operating activities	<u>333,612</u>	<u>265,541</u>	<u>162,674</u>	<u>761,827</u>
Cash flows from noncapital financing activities:				
Transfers in	399,298	--	--	399,298
Transfers out	(70,048)	(265,541)	--	(335,589)
Net cash provided (used) by noncapital financing activities	<u>329,250</u>	<u>(265,541)</u>	<u>--</u>	<u>63,709</u>
Cash flows from capital financing activities:				
Payment of interest	(1,351)	--	--	(1,351)
Acquisition and construction of capital assets	(26,515)	--	--	(26,515)
Payment of notes payable	(236,223)	--	--	(236,223)
Net cash used by capital financing activities	<u>(264,089)</u>	<u>--</u>	<u>--</u>	<u>(264,089)</u>
Cash flows from investing activities -				
Interest revenue	1,820	--	--	1,820
Net cash provided by investing activities	<u>1,820</u>	<u>--</u>	<u>--</u>	<u>1,820</u>
Net increase in cash and cash equivalents	400,593	--	162,674	563,267
Cash and cash equivalents, beginning of year	3,571,255	--	269,848	3,841,103
Cash and cash equivalents, end of year	<u>\$ 3,971,848</u>	<u>\$ --</u>	<u>\$ 432,522</u>	<u>\$ 4,404,370</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, 2019**

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	Total
	Water and Sewer	Sanitation	Storm Water Utility	
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 203,921	\$ 269,770	\$ 177,980	\$ 651,671
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:				
Bad debt expense	19,747	6,115	692	26,554
Depreciation	230,338	478	--	230,816
Pension benefit	(39,591)	--	--	(39,591)
Decrease (increase) in assets:				
Accounts receivable	(17,554)	(8,066)	(15,911)	(41,531)
Unbilled accounts	(7,110)	3,685	(297)	(3,722)
Interfund receivables	14,999	--	210	15,209
Inventory	(24,869)	--	--	(24,869)
Prepays	(12,128)	--	--	(12,128)
Net pension asset	15,436	--	--	15,436
Deferred outflows	13,469	--	--	13,469
Increase (decrease) in liabilities:				
Accounts payable	(18,788)	(6,441)	--	(25,229)
Retainage payable	(14,071)	--	--	(14,071)
Other liabilities	883	--	--	883
Customer deposits	15,100	--	--	15,100
Interfund payables	(210)	--	--	(210)
Compensated absences	1,438	--	--	1,438
Deferred inflows	(47,398)	--	--	(47,398)
Net cash provided by operating activities	<u>\$ 333,612</u>	<u>\$ 265,541</u>	<u>\$ 162,674</u>	<u>\$ 761,827</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, 2019**

---

	<u>Municipal Court Fund</u>
<u>ASSETS</u>	
Cash	\$ 34,578
Due from others	<u>1,899</u>
Total assets	<u><u>\$ 36,477</u></u>
<u>LIABILITIES</u>	
Due to others	<u>\$ 36,477</u>
Total liabilities	<u><u>\$ 36,477</u></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, 2019**

---

**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, 2019**

---

**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, 2019**

---

**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, 2019**

---

**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, 2019**

---

**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 receivables/payables 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 uncollectible. 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 18, 2018
Lien date	Jan 1, 2019
Due date	Dec 20, 2018
Collection dates	Oct 16, 2018 – Dec 20, 2018
Delinquent date	Dec 21, 2018

- 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, 2019**

---

**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. *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 workers' compensation 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.

**8. *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, 2019**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**E. Assets, Liabilities, and Net Position**

- 9. *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.

- 10. *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.
- 11. *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, 2019**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**E. Assets, Liabilities, and Net Position**

**12. *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.

**13. *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, 2019**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**E. Assets, Liabilities, and Net Position**

**14. *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, 2019, 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.

*Unassigned* - All other spendable amounts.

**CITY OF CENTERVILLE, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

**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. For unrestricted amounts of fund balance, it is the City's policy to use unassigned fund balance.

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 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, 2019**

**III. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

A summary of the City's deposits and investments at June 30, 2019 follows:

Amounts per statement of Net Position:

Petty cash	\$	8,839
Demand deposits		8,574,223
Certificates of deposit		126,717
Amounts as presented on the statement of fiduciary assets and liabilities-		
Cash		34,578
Total	\$	8,744,357

Governmental funds:

Cash	\$	4,290,322
Certificate of deposit		15,087
		4,305,409

Proprietary funds:

Cash		4,292,740
Certificate of deposit		111,630
		4,404,370

Fiduciary fund-

Cash		34,578
Total	\$	8,744,357

**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, 2019, 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, 2019**

---

**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, NOW accounts and money market accounts of banks which have deposits insured by the Federal Deposit Insurance Corporation; 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, 2019**

**III. DETAILED NOTES ON ALL FUNDS**

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

*Primary Government*

	Balance June 30, 2018	Increases	Decreases	Transfers/ Reclassifications	Balance June 30, 2019
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 371,102	\$ 181,267	\$ --	\$ --	\$ 552,369
Construction in progress	4,305,996	260,549	--	(224,812)	4,341,733
Total capital assets not being depreciated	4,677,098	441,816	--	(224,812)	4,894,102
Capital assets, being depreciated:					
Buildings and improvements	5,220,214	--	--	--	5,220,214
Infrastructure	13,711,394	--	--	224,812	13,936,206
Machinery and equipment	2,243,765	119,911	26,733	--	2,336,943
Total capital assets being depreciated	21,175,373	119,911	26,733	224,812	21,493,363
Less accumulated depreciation for:					
Buildings and improvements	949,572	106,340	--	--	1,055,912
Infrastructure	2,190,845	277,486	--	--	2,468,331
Machinery and equipment	1,503,971	249,091	9,802	--	1,743,260
Total accumulated depreciation	4,644,388	632,917	9,802	--	5,267,503
Total capital assets being depreciated, net	16,530,985	(513,006)	16,931	224,812	16,225,860
Governmental activities capital assets, net	\$ 21,208,083	\$ (71,190)	\$ 16,931	\$ --	\$ 21,119,962

**CITY OF CENTERVILLE, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**III. DETAILED NOTES ON ALL FUNDS**

**B. Capital Assets**

*Primary Government*

	Balance			Transfers/ Reclassifications	Balance
	<u>June 30, 2018</u>	<u>Increases</u>	<u>Decreases</u>		<u>June 30, 2019</u>
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 798,462	\$ --	\$ --	\$ --	\$ 798,462
Total capital assets not being depreciated	<u>798,462</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>798,462</u>
Capital assets, being depreciated:					
Buildings and improvements	1,956,032	--	--	--	1,956,032
Infrastructure	6,823,781	26,515	12,903	--	6,837,393
Machinery and equipment	<u>733,543</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>733,543</u>
Total capital assets being depreciated	<u>9,513,356</u>	<u>26,515</u>	<u>12,903</u>	<u>--</u>	<u>9,526,968</u>
Less accumulated depreciation for:					
Buildings and improvements	56,526	40,215	--	--	96,741
Infrastructure	3,587,833	147,930	9,588	--	3,726,175
Machinery and equipment	<u>530,872</u>	<u>42,671</u>	<u>--</u>	<u>--</u>	<u>573,543</u>
Total accumulated depreciation	<u>4,175,231</u>	<u>230,816</u>	<u>9,588</u>	<u>--</u>	<u>4,396,459</u>
Total capital assets being depreciated, net	<u>5,338,125</u>	<u>(204,301)</u>	<u>(3,315)</u>	<u>--</u>	<u>5,130,509</u>
Business-type activities capital assets, net	<u>\$ 6,136,587</u>	<u>\$ (204,301)</u>	<u>\$ (3,315)</u>	<u>\$ --</u>	<u>\$ 5,928,971</u>

**CITY OF CENTERVILLE, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

**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	\$ 40,603
Municipal court	30,346
Public safety	280,286
Streets	<u>281,682</u>
 Total depreciation expense - governmental activities	 <u><u>\$ 632,917</u></u>
 Business-type activities -	
Water and sewer	\$ 230,338
Sanitation	<u>478</u>
 Total depreciation expense - business-type activities	 <u><u>\$ 230,816</u></u>

**CITY OF CENTERVILLE, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

**III. DETAILED NOTES ON ALL FUNDS**

**C. Interfund Receivables, Payables and Transfers**

A summary of individual interfund receivable and payable balances at June 30, 2019, and a summary of fund transfers for the year then ended follows:

Receivable Fund	Payable Fund	Amount
<b>Governmental activities:</b>		
General Fund	Center Park Fund	\$ 100
General Fund	SPLOST	100
LMIG Fund	General Fund	90,037
Total governmental activities		90,237
 <b>Business-type activities:</b>		
Storm Water Utility Fund	Water and Sewer Fund	17,371
Total business-type activities		17,371
Total		\$ 107,608

Interfund balances reflect:

- Deposit to open initial bank account for Center Park Fund and SPLOST 18 Funds.
- 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.

**CITY OF CENTERVILLE, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**III. DETAILED NOTES ON ALL FUNDS**

**C. Interfund Receivables, Payables and Transfers**

	Transfer in:			Total
	General Fund	LMIG	Water and Sewer Fund	
Transfer out:				
Governmental Funds:				
General	\$ --	\$ 1,800	\$ --	\$ 1,800
SPLOST	--	--	233,757	233,757
Total	--	1,800	233,757	235,557
Proprietary Funds:				
Water and Sewer	70,048	--	--	70,048
Sanitation	100,000	--	165,541	265,541
Total	170,048	--	165,541	335,589
	<u>\$ 170,048</u>	<u>\$ 1,800</u>	<u>\$ 399,298</u>	<u>\$ 571,146</u>

Interfund transfers reflect:

- SPLOST funds transferred for payment of Debt Service associated with SPLOST 12 Projects.
- Engineering fees paid by general fund on behalf of LMIG fund.
- Budgeted transfers from sanitation and water and sewer funds to the general fund.
- Enterprise interfund receivables/payables not scheduled to be repaid in future years.

**CITY OF CENTERVILLE, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**III. DETAILED NOTES ON ALL FUNDS**

**D. Long-Term Obligations**

The following is a summary of changes in long-term obligations of the City for the year ended June 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments/ Retirements</u>	<u>Ending Balance</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
<b>Governmental activities:</b>						
Compensated absences	\$ 132,272	\$ 118,035	\$ 102,268	\$ 148,039	\$ 105,640	\$ 42,399
Notes payable - other	<u>164,909</u>	<u>--</u>	<u>131,581</u>	<u>33,328</u>	<u>33,328</u>	<u>--</u>
Governmental activity - long-term liabilities	<u>\$ 297,181</u>	<u>\$ 118,035</u>	<u>\$ 233,849</u>	<u>\$ 181,367</u>	<u>\$ 138,968</u>	<u>\$ 42,399</u>
<b>Business-type activities:</b>						
Compensated absences	\$ 38,375	\$ 33,586	\$ 32,148	\$ 39,813	\$ 30,459	\$ 9,354
Note payable-other	<u>236,223</u>	<u>--</u>	<u>236,223</u>	<u>--</u>	<u>--</u>	<u>--</u>
Business-type activity - long-term liabilities	<u>\$ 274,598</u>	<u>\$ 33,586</u>	<u>\$ 268,371</u>	<u>\$ 39,813</u>	<u>\$ 30,459</u>	<u>\$ 9,354</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, 2019**

---

**III. DETAILED NOTES ON ALL FUNDS**

**D. 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 and was paid in full in July of 2019.

	Balance June 30, 2018	Additions	Payments	Balance June 30, 2019
BB&T	\$ 164,909	\$ --	\$ (131,581)	\$ 33,328

The requirements to amortize this loan payable to Branch Banking and Trust Company as of June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total Payment
2020	\$ 33,328	\$ 175	\$ 33,503

**CITY OF CENTERVILLE, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

**III. DETAILED NOTES ON ALL FUNDS**

**D. 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 were to be made to GEFA in the amount of \$3,817 and the interest rate was 4.40%. The last payment was scheduled for May 1, 2024. However, this note was paid in full during the fiscal year ended June 30, 2019.

	<u>Balance</u> <u>June 30, 2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2019</u>
GEFA	<u>\$ 236,223</u>	<u>\$ --</u>	<u>\$ (236,223)</u>	<u>\$ -</u>

**CITY OF CENTERVILLE, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

**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, 2019. 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, 2019**

---

**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 2019.

**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, 2019**

---

**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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	27
Inactive employees entitled to but not yet receiving benefits	34
Active employees	55
	<u>116</u>

**CITY OF CENTERVILLE, GEORGIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

---

**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, 2019 was 4.00 percent of covered payroll. The City's contributions to the plan for the year ended June 30, 2019 was \$82,821 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, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2019.

The total pension liability in the January 1, 2019 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, 2019 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, 2019 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, 2019**

---

**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 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	45%	6.40%
International equity	20%	7.40%
Real estate	10%	5.10%
Global fixed income	5%	3.03%
Domestic fixed income	20%	1.75%
Total	100%	

**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, 2019**

**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, 2017	\$ 4,841,744	\$ 5,587,888	\$ (746,144)
Changes for the year:			
Service cost	124,906	--	124,906
Interest	365,423	--	365,423
Differences between expected and actual experience	26,379	--	26,379
Contributions-City	--	139,067	(139,067)
Net investment income	--	552,975	(552,975)
Benefit payments	(188,695)	(188,695)	--
Administrative expense	--	(17,248)	17,248
Other	--	--	--
Net changes	<u>328,013</u>	<u>486,099</u>	<u>(158,086)</u>
Balance September 30, 2018	<u>\$ 5,169,757</u>	<u>\$ 6,073,987</u>	<u>\$ (904,230)</u>

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 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's Net Pension Liability (Asset)	\$ (177,447)	\$ (904,230)	\$ (1,499,843)

**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, 2019**

**IV. OTHER INFORMATION**

**C. Pension Plan**

**Pension Expense (Benefit) and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions** - For the year ended June 30, 2019, the City recognized pension benefit of \$188,662. As of June 30, 2019, 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	\$ 76,681	\$ (74,526)
Changes of assumptions	--	(45,676)
Net difference between projected and actual earnings on pension plan investments	58,682	(384,619)
Contributions subsequent to measurement date	<u>62,116</u>	<u>--</u>
Total	<u>\$ 197,479</u>	<u>\$ (504,821)</u>

The \$62,116 reported as deferred outflows of resources related to pensions results from City contributions subsequent to the measurement date and will be recognized as a reduction of net pension liability in the year ending June 30, 2020. 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>
2020	\$ (132,864)
2021	(117,020)
2022	(92,296)
2023	(27,278)

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, 2019**

---

**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. Evaluation of Subsequent Events**

The City assessed events that have occurred subsequent to June 30, 2019 through the date of issuance for potential recognition and disclosure in the financial statements.

No additional events have occurred that would require adjustment to the disclosures in the City's statements which were available to be issued on December 13, 2019.

**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>2019</u>	<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>
<b>Total pension liability</b>										
Service cost	\$ 124,906	\$ 109,972	\$ 98,872	\$ 112,022	\$ 115,947					
Interest	365,423	345,420	331,470	332,127	356,024					
Changes of benefit terms	--	--	--	--	--	(Historical information prior to implementation of GASB 67/68 is not required)				
Differences between expected and actual experience	26,379	113,790	(73,727)	(280,472)	(10,809)					
Changes of assumptions	--	(91,351)	--	--	(583,163)					
Benefit payments	(188,695)	(186,228)	(167,007)	(177,310)	(195,381)					
<b>Net change in total pension liability</b>	<u>328,013</u>	<u>291,603</u>	<u>189,608</u>	<u>(13,633)</u>	<u>(317,382)</u>					
<b>Total pension liability-beginning</b>	<u>4,841,744</u>	<u>4,550,141</u>	<u>4,360,533</u>	<u>4,374,166</u>	<u>4,691,548</u>					
<b>Total pension liability-ending (a)</b>	<u>\$ 5,169,757</u>	<u>\$ 4,841,744</u>	<u>\$ 4,550,141</u>	<u>\$ 4,360,533</u>	<u>\$ 4,374,166</u>					
<b>Plan fiduciary net position</b>										
Contributions-employer	\$ 139,067	\$ 148,580	\$ 143,152	\$ 303,328	\$ 231,397					
Contributions-employee	--	--	--	--	--					
Net investment income	552,975	736,225	494,952	43,401	437,417					
Benefit payments	(188,695)	(186,228)	(167,007)	(177,310)	(195,381)					
Administrative expense	(17,248)	(17,983)	(10,373)	(11,630)	(9,368)					
Other	--	--	--	--	--					
<b>Net change in plan fiduciary net position</b>	<u>486,099</u>	<u>680,594</u>	<u>460,724</u>	<u>157,789</u>	<u>464,065</u>					
<b>Plan fiduciary net position-beginning</b>	<u>5,587,888</u>	<u>4,907,294</u>	<u>4,446,570</u>	<u>4,288,781</u>	<u>3,824,716</u>					
<b>Plan fiduciary net position-ending (b)</b>	<u>\$ 6,073,987</u>	<u>\$ 5,587,888</u>	<u>\$ 4,907,294</u>	<u>\$ 4,446,570</u>	<u>\$ 4,288,781</u>					
<b>City's net pension liability (asset) -ending (a) - (b)</b>	<u>\$ (904,230)</u>	<u>\$ (746,144)</u>	<u>\$ (357,153)</u>	<u>\$ (86,037)</u>	<u>\$ 85,385</u>					
<b>Plan fiduciary net position as a percentage of the total pension liability (asset)</b>	117.49%	115.41%	107.85%	101.97%	98.05%					
<b>Covered payroll</b>	\$ 2,069,601	* \$ 2,406,869	* \$ 1,980,551	\$ 1,978,438	\$ 1,849,132					
<b>City's net pension liability (asset) as a percentage of covered payroll</b>	(43.69)%	(31.00)%	(18.03)%	(4.35)%	4.62%					

\*Based on the valuation date of January 1, 2019

See accompanying independent auditor's report

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

	<u>2019</u>	<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>
Actuarially determined contribution	\$ 82,821	\$ 157,815	\$ 145,502	\$ 142,369	\$ 212,926					
Contributions in relation to the actuarially determined contribution	82,821	157,815	145,502	142,369	341,044					
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (128,118)</u>					
Covered payroll	\$ 2,069,601	\$ 2,406,869	\$ 1,980,551	\$ 1,978,438	\$ 1,849,132					
Contributions as a percentage of covered payroll	4.00%	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 2019 fiscal year

**Notes to Schedule**

Valuation Date: January 1, 2019

The Actuarially determined contribution rate was determined as of January 1, 2019, 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, 2020.

*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, 2019 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, 2019, 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, 2020.

See accompanying independent auditor's report

**CITY OF CENTERVILLE, GEORGIA  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2019**

	<u>Special Revenue</u>		<u>Capital Project</u>	Total Nonmajor Governmental Funds
	<u>Confiscated Assets</u>	<u>Center Park</u>	<u>LMIG</u>	
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 32,824	\$ 80,563	\$ --	\$ 113,387
Interfund receivable	--	--	90,037	90,037
Total assets	<u>\$ 32,824</u>	<u>\$ 80,563</u>	<u>\$ 90,037</u>	<u>\$ 203,424</u>
<b><u>LIABILITIES</u></b>				
Liabilities:				
Interfund	\$ --	\$ 100	\$ --	\$ 100
Other liabilities	5,518	--	15,759	21,277
Total liabilities	<u>5,518</u>	<u>100</u>	<u>15,759</u>	<u>21,377</u>
<b>FUND BALANCE-</b>				
Restricted	27,306	80,463	74,278	182,047
Total fund balances	<u>27,306</u>	<u>80,463</u>	<u>74,278</u>	<u>182,047</u>
Total liabilities and fund balances	<u>\$ 32,824</u>	<u>\$ 80,563</u>	<u>\$ 90,037</u>	<u>\$ 203,424</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, 2019**

	<u>Special Revenue</u>		<u>Capital Projects</u>	Total Nonmajor Governmental Funds
	<u>Confiscated Assets</u>	<u>Center Park</u>	<u>LMIG</u>	
Revenues -				
Intergovernmental	\$ --	\$ --	\$ 90,037	\$ 90,037
Confiscations	4,313	--	--	4,313
Donations	--	66,751	--	66,751
Vendor fees	--	2,870	--	2,870
Merchandise sales	--	95	--	95
Total revenues	<u>4,313</u>	<u>69,716</u>	<u>90,037</u>	<u>164,066</u>
Expenditures -				
Current-				
Machinery and equipment	2,000	--	--	2,000
Dues and fees	--	46	--	46
Capital outlay-				
Streets	--	--	105,894	105,894
Total expenditures	<u>2,000</u>	<u>46</u>	<u>105,894</u>	<u>107,940</u>
Excess (deficiency) of revenues over (under) expenditures	2,313	69,670	(15,857)	56,126
Other financing sources				
Transfer in	--	--	1,800	1,800
Net change in fund balance	2,313	69,670	(14,057)	57,926
Fund balance, beginning of year	<u>24,993</u>	<u>10,793</u>	<u>88,335</u>	<u>124,121</u>
Fund balance, end of year	<u>\$ 27,306</u>	<u>\$ 80,463</u>	<u>\$ 74,278</u>	<u>\$ 182,047</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, 2019**

---

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>ASSETS</b>				
Cash	\$ 17,916	\$ 732,379	\$ 715,717	\$ 34,578
Due from others	1,727	276,688	276,516	1,899
Total assets	<u>\$ 19,643</u>	<u>\$ 1,009,067</u>	<u>\$ 992,233</u>	<u>\$ 36,477</u>
<b>LIABILITIES</b>				
Due to others	<u>\$ 19,643</u>	<u>\$ 747,147</u>	<u>\$ 730,313</u>	<u>\$ 36,477</u>
Total liabilities	<u>\$ 19,643</u>	<u>\$ 747,147</u>	<u>\$ 730,313</u>	<u>\$ 36,477</u>

See accompanying independent auditor's report

**CITY OF CENTERVILLE, GEORGIA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL  
CONFISCATED ASSETS – SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues-				
Confiscations	\$ 3,000	\$ 4,500	\$ 4,313	\$ (187)
Total revenues	3,000	4,500	4,313	(187)
Expenditures:				
Current -				
Public safety:				
Materials and supplies - State	2,000	1,000	--	1,000
Material and supplies - DOJ	1,500	1,500	--	1,500
Machinery and equipment	--	2,000	2,000	--
Total expenditures	3,500	4,500	2,000	2,500
Net change in fund balance	(500)	--	2,313	\$ 2,313
Fund balance, beginning of year	24,993	24,993	24,993	
Fund balance, end of year	\$ 24,493	\$ 24,993	\$ 27,306	

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, 2019**

	Budgeted Amounts		Actual	Variance
	Original	Final		With Final Budget
Revenues-				
Fees	\$ 3,000	\$ 3,000	\$ 2,870	\$ (130)
Merchandise sales	1,500	1,500	95	(1,405)
Donations	5,550	5,550	66,751	61,201
Total revenues	<u>10,050</u>	<u>10,050</u>	<u>69,716</u>	<u>59,666</u>
Expenditures:				
Current -				
Parks -				
Dues and fees	150	150	46	104
Total expenditures	<u>150</u>	<u>150</u>	<u>46</u>	<u>104</u>
Net change in fund balance	9,900	9,900	69,670	<u>\$ 59,770</u>
Fund balance, beginning of year	<u>10,793</u>	<u>10,793</u>	<u>10,793</u>	
Fund balance, end of year	<u>\$ 20,693</u>	<u>\$ 20,693</u>	<u>\$ 80,463</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, 2019**

	Prior Years Actual*	Current Year Actual	Total Actual to Date	Project Authorization
Revenues -				
Intergovernmental -				
LMIG grant revenue	\$ 88,335	\$ 90,037	\$ 178,372	\$ 178,372
Total revenues	88,335	90,037	178,372	178,372
Expenditures -				
Capital outlay -				
Streets	--	105,894	105,894	360,097
Total expenditures	--	105,894	105,894	360,097
Excess (deficit) of revenues over (under) expenditures	88,335	(15,857)	72,478	(181,725)
Other financing sources (uses)-				
Transfer in	--	1,800	1,800	181,725
Net change in fund balance	<u>\$ 88,335</u>	(14,057)	<u>\$ 74,278</u>	<u>\$ --</u>
Fund balance, beginning of year		<u>88,335</u>		
Fund balance, ending of year		<u>\$ 74,278</u>		

\* Note: Prior years actual revenue and capital outlay were adjusted by \$82,257 for the completed 2017 LMIG project, as follows:

	Revenues - GDOT Grants	Expenditures - Capital Outlay
Total actual to date per FY18 audit	\$ 170,592	\$ 82,257
Adjustment for 2017 LMIG completed project	<u>(82,257)</u>	<u>(82,257)</u>
Prior years actual per FY19 audit	<u>\$ 88,335</u>	<u>\$ --</u>

See accompanying independent auditor's report

**CITY OF CENTERVILLE, GEORGIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE – BUDGET AND ACTUAL -**  
**SPLOST – CAPITAL PROJECTS FUND**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

	Prior Years Actual	Current Year Actual	Total Actual to Date	Project Authorization
Revenues -				
Intergovernmental:				
Special purpose local option sales tax 2012	\$ 4,011,938	\$ 326,027	\$ 4,337,965	\$ 5,050,000
Special purpose local option sales tax 2018	--	428,834	428,834	4,029,337
Interest income -2012	9,315	3,146	12,461	--
Interest income -2018	--	1,050	1,050	--
Interest income - loan proceeds 2012	718	--	718	--
Total revenues	<u>4,021,971</u>	<u>759,057</u>	<u>4,781,028</u>	<u>9,079,337</u>
Expenditures:				
Capital outlay:				
Road construction/reconstruction -2012	463,647	53,499	517,146	706,500
Water and sewer system improvement -2012	163,562	--	163,562	706,500
Public safety facilities and equipment -2012	2,809,104	14,203	2,823,307	3,000,000
Public safety facilities and equipment - 2018	--	42,687	42,687	2,630,000
Parks and recreation - 2018	--	--	--	800,000
Road construction/reconstruction - 2018	--	--	--	500,000
Debt service:				
Principal - SPLOST 2012	3,000,000	--	3,000,000	589,151
Interest - SPLOST 2012	128,085	--	128,085	47,849
Principal - SPLOST 2018	--	--	--	99,337
Total expenditures	<u>6,564,398</u>	<u>110,389</u>	<u>6,674,787</u>	<u>9,079,337</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,542,427)</u>	<u>648,668</u>	<u>(1,893,759)</u>	<u>--</u>
Other financing sources(uses)-				
Loan proceeds	3,000,000	--	3,000,000	--
Transfer in(out)	<u>(125,000)</u>	<u>(233,757)</u>	<u>(358,757)</u>	<u>--</u>
Total other financing sources(uses)	<u>2,875,000</u>	<u>(233,757)</u>	<u>2,641,243</u>	<u>--</u>
Net change in fund balance	<u>\$ 332,573</u>	414,911	<u>\$ 747,484</u>	<u>\$ --</u>
Fund balance, beginning of year		<u>332,573</u>		
Fund balance, ending of year		<u>\$ 747,484</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, 2019**

2012 Project Description Per SPLOST Referendum	Estimated Cost		Prior Years	Expenditures	
	Original	Current		Current Year	Total
Roads, streets & sidewalks	\$ 706,500	\$ 706,500	\$ 463,647	\$ 53,499	\$ 517,146
Water & sewer improvement	706,500	706,500	163,562	--	163,562
Debt payoff water & sewer	637,000	637,000	125,000	233,757 (A)	358,757
Public safety facilities & equipment	3,000,000	3,000,000	2,809,104	14,203	2,823,307
Sub-total	<u>5,050,000</u>	<u>5,050,000</u>	<u>3,561,313</u>	<u>301,459</u>	<u>3,862,772</u>
Reconciling item to adjust for payments on debt related to 2012 Project -					
Payments on debt	<u>--</u>	<u>3,128,085</u>	<u>3,128,085</u>	<u>--</u>	<u>3,128,085</u>
Reconciled total	<u>\$ 5,050,000</u>	<u>\$ 8,178,085</u>	<u>\$ 6,689,398</u>	<u>\$ 301,459</u>	<u>\$ 6,990,857</u>

  

2018 Project Description Per SPLOST Referendum	Estimated Cost		Prior Years	Expenditures	
	Original	Current		Current Year	Total
Public safety facilities & equipment	\$ 2,630,000	\$ 2,630,000	\$ --	\$ 42,687	\$ 42,687
Parks and recreation	800,000	800,000	--	--	--
Transportation and road projects	500,000	500,000	--	--	--
Debt service	99,337	99,337	--	--	--
Total	<u>\$ 4,029,337</u>	<u>\$ 4,029,337</u>	<u>\$ --</u>	<u>\$ 42,687</u>	<u>\$ 42,687</u>

(A) Transfers out in the amount of \$233,757 are associated with debt service in the Water and Sewer Fund, per above approved referendum projects.

See accompanying independent auditor's report



## NICHOLS, CAULEY & ASSOCIATES, LLC

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centerville as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Centerville's basic financial statements, and have issued our report thereon dated December 13, 2019.

#### ***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.

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 2019-1 to be a material weakness.

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 did identify a certain deficiency in internal control that we consider 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. No significant deficiencies were noted in the current fiscal year.

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

### **Purpose of this Report**

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

*Nichols, Cauley + Associates, LLC*

Warner Robins, Georgia  
December 13, 2019

**CITY OF CENTERVILLE, GEORGIA**

**SCHEDULE OF FINDINGS AND RESPONSES**

**YEAR ENDED JUNE 30, 2019**

**SUMMARY OF AUDIT RESULTS:**

1. The auditor's report expresses an unmodified opinion on the financial statements of the City of Centerville, Georgia.
2. A deficiency in internal control was disclosed by the audit of the City of Centerville, Georgia's financial statements (item 2019-1). We consider item 2019-1 to be a material weakness.
3. No instances of noncompliance material to the financial statements of the City of Centerville, Georgia were disclosed during the audit.

**FINANCIAL STATEMENT FINDINGS:**

**2019-1**

**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, 2019**

**PRIOR YEAR AUDIT FINDINGS**

Prior Year Material Weakness – Current year material weakness 2019-1 was prior year material weakness 2018-1.

Prior Year Significant Deficiency – Prior year significant deficiency 2018-2 has been addressed by the City. The City has successfully put forth sufficient efforts to reduce the unaccounted for gallons of water to ensure that water consumption by customers is being properly metered and billed.

**THIS PAGE INTENTIONALLY LEFT BLANK**