



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

TOWN OF CENTREVILLE, MISSISSIPPI

ANNUAL FINANCIAL STATEMENTS

**AS OF SEPTEMBER 30, 2006
AND FOR THE YEAR THEN ENDED**

**WITH
INDEPENDENT AUDITOR'S REPORT**



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF CENTREVILLE, MISSISSIPPI

**Annual Financial Statements
As of and for the Year Ended September 30, 2006
With Supplemental Information Schedules**

TABLE OF CONTENTS

	Statement	Page
Independent Auditor's Report -----		1-2
Required Supplemental Information (Part I)		
Management's Discussion and Analysis -----		3-8
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements:		
Statement of Net Assets -----	A	9
Statement of Activities -----	B	10
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet -----	C	11
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Financial Statement of Net Assets -----	D	12
Statement of Revenues, Expenditures, and Changes in Fund Balances -----	E	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities -----	F	14
Proprietary Funds:		
Statement of Net Assets -----	G	15
Statement of Revenues, Expenses, and Changes in Net Assets -----	H	16
Statement of Cash Flows -----	I	17
Notes to the Financial Statements -----		18-30
Required Supplemental Information (Part II)		
Budgetary Comparison Schedule -----		31
Notes to the Required Supplementary Information -----		32

	Statement	Page
<u>Other Supplemental Information</u>		
Combining Balance Sheet - Nonmajor Governmental Funds -----		33
Comparative/Combining Financial Statements and Schedules		
General Fund -----		34
Comparative Balance Sheet -----		35
Statement of Revenues, Expenditures, and Changes in Fund Balance -----		36
Special Revenue Funds -----		37
Combining Balance Sheet -----		38
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -----		39
Enterprise Fund -----		40
Comparative Balance Sheet -----		41
Comparative Statement of Revenues, Expenses, and Changes in Net Assets -----		42
Comparative Statement of Cash Flows -----		43
Fiduciary Funds -----		44
Combining Balance Sheet -----		45
<u>OTHER SUPPLEMENTAL INFORMATION</u>		
Schedule Reconciling Original Ad Valorem Tax Rolls to Fund Collections on 2005 Ad Valorem Taxes -----		46
Schedule of Investments - All Funds -----		47
Schedule of Surety Bonds for Municipal Officials -----		48
Schedule of Long-Term Debt -----		49
Internal Control and Compliance Reports -----		50
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i> -----		51-52
Schedule of Findings and Questioned Costs -----		53-55
Independent Auditor's Report on Compliance with State Laws and Regulations -----		56

INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

205 N. Commerce Street
P.O. Box 1027
Natchez, Mississippi 39121-1027
Telephone: 601.442.7411
Fax: 601.442.8551
www.silassimmons.com

INDEPENDENT AUDITOR'S REPORT

Mayor and Board of Aldermen
Town of Centreville, Mississippi

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 Town of Centreville, Mississippi, as of and for the year ended September 30, 2006, which collectively comprise the Town's basic financial statements, as listed in the Table of Contents. These financial statements are the responsibility of Town of Centreville, Mississippi's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Town of Centreville, Mississippi as of September 30, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 19, 2007, on our consideration of Town of Centreville, Mississippi's internal control over financial reporting and our test 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on Pages 3 through 8 and Pages 31 through 32, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Centreville, Mississippi's basic financial statements. The individual fund statements and schedules described in the accompanying Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Silas Seiwass, CPA

Natchez, Mississippi
March 19, 2007

Required Supplemental Information (Part I)

TOWN OF CENTREVILLE, MISSISSIPPI
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2006

The management of the Town of Centreville, Mississippi offers readers of the Town of Centreville, Mississippi's (Town) financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2006. This management discussion and analysis ("MD&A") is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of Town finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

The Town has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement No. 34. This reporting model changes the presentation of financial data, and also the manner in which the information is recorded. We encourage readers to consider the information presented here in conjunction with additional information presented throughout this report.

Overview of the Financial Statements

This section is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which governmental financial statements are presented. It now provides readers with a concise "entity-wide" Statement of Net Assets and Statement of Activities, which seek to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private sector businesses.

The statement of net assets presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. The difference between the two is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

The statement of activities presents information which shows how the government's net assets changed during this fiscal year. All changes in net assets are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues; for example, the police and fire departments. Business-type activities are functions that are intended to support their costs through charges for services or fees; such as the Gas, Water, Sewer, and Garbage Departments.

TOWN OF CENTREVILLE, MISSISSIPPI
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2006

Government-wide Financial Analysis

As noted earlier, net assets may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$2,504,446 (net assets); this represents an increase of \$16,351 from last fiscal year. Of this total net asset amount, \$814,682 is unrestricted net assets. The Town's net assets are comprised of \$637,272 from governmental activities and \$1,867,174 from business-type activities.

The following is a condensed statement of the Town of Centreville's net assets as of September 30, 2006:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Assets						
Current and other assets	\$ 473,155	\$ 432,273	\$ 486,335	\$ 442,728	\$ 959,490	\$ 875,001
Capital assets (net)	<u>220,188</u>	<u>227,144</u>	<u>1,616,766</u>	<u>1,688,751</u>	<u>1,836,954</u>	<u>1,915,895</u>
Total assets	<u>\$ 693,343</u>	<u>\$ 659,417</u>	<u>\$ 2,103,101</u>	<u>\$ 2,131,479</u>	<u>\$ 2,796,444</u>	<u>\$ 2,790,896</u>
Liabilities						
Other liabilities	\$ 47,579	\$ 53,280	\$ 122,025	\$ 94,993	\$ 169,604	\$ 148,273
Long-term liabilities	<u>8,492</u>	<u>13,132</u>	<u>113,902</u>	<u>141,396</u>	<u>122,394</u>	<u>154,528</u>
Total liabilities	<u>\$ 56,071</u>	<u>\$ 66,412</u>	<u>\$ 235,927</u>	<u>\$ 236,389</u>	<u>\$ 291,998</u>	<u>\$ 302,801</u>
Net assets						
Invested in capital assets, net	\$ 207,056	\$ 205,241	\$ 1,474,898	\$ 1,535,179	\$ 1,681,954	\$ 1,740,420
Restricted	7,810	7,599	-	-	7,810	7,599
Unrestricted	<u>422,406</u>	<u>380,165</u>	<u>392,276</u>	<u>359,911</u>	<u>814,682</u>	<u>740,076</u>
Total net assets	<u>\$ 637,272</u>	<u>\$ 593,005</u>	<u>\$ 1,867,174</u>	<u>\$ 1,895,090</u>	<u>\$ 2,504,446</u>	<u>\$ 2,488,095</u>

By far the largest portion of the Town's net assets (\$1,681,954 or 67%) reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, Town infrastructure, etc.) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The remaining balance is made up of unrestricted net assets (\$814,682 or 33%), which may be used to meet the government's on-going obligations to citizens and creditors and restricted net assets (\$7,810), which are restricted to specific uses.

The Town has total outstanding debt of \$155,000, which was used to finance some of the \$1,836,954 in capital assets. Total liabilities of \$291,998 are equal to 12% of the total net assets.

The Town's governmental activities increased net assets by \$44,267. This increase is mainly due to a 28% increase in transfers from the business-type activities.

TOWN OF CENTREVILLE, MISSISSIPPI
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2006

Government-Wide Financial Analysis (continued)

The following is a summary of the statement of activities:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Revenue						
Program revenue	\$ 53,373	\$ 60,398	\$ 950,959	\$ 1,172,825	\$ 1,004,332	\$ 1,233,223
General revenue and transfers	<u>753,706</u>	<u>652,167</u>	<u>(234,667)</u>	<u>(203,285)</u>	<u>519,039</u>	<u>448,882</u>
Total revenue and transfers	\$ <u>807,079</u>	\$ <u>712,565</u>	\$ <u>716,292</u>	\$ <u>969,540</u>	\$ <u>1,523,371</u>	\$ <u>1,682,105</u>
Expenses						
General government	\$ 254,120	\$ 253,453	\$ -	\$ -	\$ 254,120	\$ 253,453
Public safety	355,514	345,750	-	-	355,514	345,750
Highway and streets	152,588	150,288	-	-	152,588	150,288
Unemployment claims	-	-	-	-	-	-
Combined utility	-	-	744,208	606,232	744,208	606,232
Interest on long-term debt	<u>590</u>	<u>946</u>	<u>-</u>	<u>-</u>	<u>590</u>	<u>946</u>
Total expenses	\$ <u>762,812</u>	\$ <u>750,437</u>	\$ <u>744,208</u>	\$ <u>606,232</u>	\$ <u>1,507,020</u>	\$ <u>1,356,669</u>
Increase (decrease) in net assets	\$ 44,267	\$ (37,872)	\$ (27,916)	\$ 363,308	\$ 16,351	\$ 325,436
Net assets September 30, 2005	<u>593,005</u>	<u>630,877</u>	<u>1,895,090</u>	<u>1,531,782</u>	<u>2,488,095</u>	<u>2,162,659</u>
Net assets September 30, 2006	\$ <u>637,272</u>	\$ <u>593,005</u>	\$ <u>1,867,174</u>	\$ <u>1,895,090</u>	\$ <u>2,504,446</u>	\$ <u>2,488,095</u>

Governmental Activities

The governmental activities of the Town include general government, public safety, highways and streets, and payment of interest on long-term debt. In that revenues normally associated with municipal operations, (e.g. sales tax, property tax, franchise fees, license fees, permits, fines, and operating grants) are insufficient for the funding of these activities, the Town relies on transfers of excess revenue from its enterprise fund to cover the cost of all activities.

Business-Type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has one business-type activity, which is accounted for in the enterprise fund. The Town uses the enterprise fund to account for the revenues and expenses related to the provision of water, sewer, gas, and garbage services.

TOWN OF CENTREVILLE, MISSISSIPPI
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2006

Business-Type Activities (continued)

The following is a summary of the business-type activities of the Town:

	<u>Operating Revenues Net of Purchases</u>				
	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Garbage</u>	<u>Total</u>
Fiscal year ended September 30, 2005	\$ 333,071	\$ 124,449	\$ 309,633	\$ 93,943	\$ 861,096
Fiscal year ended September 30, 2006	<u>342,896</u>	<u>126,880</u>	<u>383,705</u>	<u>97,478</u>	<u>950,959</u>
Increase from prior year	<u>\$ 9,825</u>	<u>\$ 2,431</u>	<u>\$ 74,072</u>	<u>\$ 3,535</u>	<u>\$ 89,863</u>

	<u>Operating Expenses</u>				
	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Garbage</u>	<u>Total</u>
Fiscal year ended September 30, 2005	\$ 191,578	\$ 78,250	\$ 261,162	\$ 71,306	\$ 602,296
Fiscal year ended September 30, 2006	<u>233,688</u>	<u>86,443</u>	<u>346,831</u>	<u>73,537</u>	<u>740,499</u>
Increase from prior year	<u>\$ 42,110</u>	<u>\$ 8,193</u>	<u>\$ 85,669</u>	<u>\$ 2,231</u>	<u>\$ 138,203</u>

	<u>Net Income From Operations</u>				
	<u>Water</u>	<u>Sewer</u>	<u>Gas</u>	<u>Garbage</u>	<u>Total</u>
Fiscal year ended September 30, 2005	\$ 141,493	\$ 46,199	\$ 48,471	\$ 22,637	\$ 258,800
Fiscal year ended September 30, 2006	<u>109,208</u>	<u>40,437</u>	<u>36,874</u>	<u>23,941</u>	<u>210,460</u>
Increase (decrease) from prior year	<u>\$ (32,285)</u>	<u>\$ (5,762)</u>	<u>\$ (11,597)</u>	<u>\$ 1,304</u>	<u>\$ (48,340)</u>

The reasons for major fluctuations noted above are as follows:

Increases in operating costs of water, sewer, gas, and garbage operations totaled \$138,203. Increases in personal service costs (wages, medical benefits, payroll tax, etc.) account for this increase.

TOWN OF CENTREVILLE, MISSISSIPPI
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2006

Fund Financial Statements - Governmental Funds

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town currently maintains three individual governmental fund types. These fund types are the General Fund, Special Revenue Fund, and Agency Fund. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement E) for the General Fund, which is considered to be a major fund.

The Town adopts an annual budget for the General Fund. A statement of revenues, expenditures, and changes in fund balance for the General Fund is presented in the Required Supplemental Information (Part II), which compares actual revenues and expenditures to the original budget and amended budget figures.

Financial Analysis of the Town's Governmental Funds

The Town of Centreville's governmental funds reported an ending fund balance of \$436,277, which is an increase of \$43,907. This increase is caused by a decrease in operating expenses and an increase in general revenues and transfers. \$428,467 of the fund balance is unreserved. The remaining balance of \$7,810 is reserved for unemployment claims.

Fund Financial Statements - Proprietary Funds

The Town maintains one proprietary fund. Proprietary funds are used to report the same functions as business-type activities. The Town uses an enterprise fund (the first type of proprietary fund) to account for its combined water, sewer, gas, and garbage operations. This enterprise fund reports the same functions presented as business-type activities in the government-wide financial statements.

Financial Analysis of the Town's Proprietary Fund

The Town's Enterprise Fund shows a decrease in fund balance of \$27,916. The majority of the decrease was due to an increase of \$32,997 in transfers-out. \$392,276 of the fund balance was unrestricted at September 30, 2006. The remaining amount of \$1,474,898 represents the Town's investment in its utility systems and equipment.

In that financial statements of the Enterprise Fund are presented on the same basis of accounting as in both the government-wide financial statements and the individual fund statements all comments and analysis made under business-type activities apply to these funds.

General Fund Budgetary Highlights

The major differences between the original budget and the final amended budget of the General Fund are:

1. The increase in expenditures of \$22,291 is due mainly to the increase in salaries, health insurance, and additional equipment. Transfers-in were unchanged.

TOWN OF CENTREVILLE, MISSISSIPPI
MANAGEMENT DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2006

General Fund Budgetary Highlights (continued)

The actual revenue for the current fiscal year was sufficient to meet all expenditures and shows a \$40,024 increase in fund balance. The final budget and the actual results difference shows a positive position of \$83,694. The majority of this variance was the result of revenue being more than budgeted.

Capital Asset and Debt Administration

The total investment in net capital assets as of September 30, 2006 is \$1,681,954.

New major capital assets purchased or constructed in fiscal 2006 are:

1. New 2006 Ford F250 Crew Cab Truck - \$18,032.
2. New 2006 Ford F250 Crew Cab Truck - \$16,599.
3. Generator - \$16,424.

Current Financial Factors

With the exception of Capital Grants, revenue for the upcoming fiscal year is expected to remain relatively constant.

Requests for Information

This financial report is designed to provide a general overview of the Town of Centreville's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Michelle Singleton, Municipal Clerk, Post Office Box 578, Centreville, Mississippi 39631.

Basic Financial Statements

Government-Wide Financial Statements

TOWN OF CENTREVILLE, MISSISSIPPI

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2006

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 443,035	\$ 301,277	\$ 744,312
Receivables (net of allowances for uncollectibles)	54,599	98,476	153,075
Internal balances	(24,479)	24,479	-
Restricted assets	-	62,103	62,103
Capital assets (net)	<u>220,188</u>	<u>1,616,766</u>	<u>1,836,954</u>
Total assets	<u>\$ 693,343</u>	<u>\$ 2,103,101</u>	<u>\$ 2,796,444</u>
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	\$ 36,878	\$ 31,956	\$ 68,834
Payable from restricted assets	-	62,103	62,103
Notes payable, due within one year	4,640	27,966	32,606
Compensated absences payable	6,061	-	6,061
Notes payable, beyond one year	<u>8,492</u>	<u>113,902</u>	<u>122,394</u>
Total liabilities	<u>\$ 56,071</u>	<u>\$ 235,927</u>	<u>\$ 291,998</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	\$ 207,056	\$ 1,474,898	\$ 1,681,954
Restricted	7,810	-	7,810
Unrestricted	<u>422,406</u>	<u>392,276</u>	<u>814,682</u>
Total net assets	<u>\$ 637,272</u>	<u>\$ 1,867,174</u>	<u>\$ 2,504,446</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTREVILLE, MISSISSIPPI

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2006

	Program Revenues		Net (Expenses)/ Revenue	Net (Expenses), Revenues, and Changes		Total
	Charges for Services	Operating Grants and Contri- butions		Gov- ern- mental Activities	Busi- ness- Type Activities	
GOVERNMENTAL ACTIVITIES						
General government	\$ 254,120	\$ -	\$ (254,120)	\$ -	\$ (254,120)	
Public safety	355,514	18,231	(302,141)	-	(302,141)	
Highways and streets	152,588	-	(152,588)	-	(152,588)	
Interest on long-term debt	590	-	(590)	-	(590)	
Total governmental activities	\$ 762,812	\$ 18,231	\$ (709,439)	\$ -	\$ (709,439)	
BUSINESS-TYPE ACTIVITIES						
Water and sewer	\$ 323,840	\$ -	\$ 145,936	\$ 145,936	\$ 145,936	
Gas	346,831	-	36,874	36,874	36,874	
Garbage	73,537	-	23,941	23,941	23,941	
Total business-type activities	\$ 744,208	\$ -	\$ 206,751	\$ 206,751	\$ 206,751	
Total	\$ 1,507,020	\$ 18,231	\$ (502,688)	\$ (709,439)	\$ (502,688)	
General Revenues:						
Ad valorem taxes	\$ 132,854			\$ -	\$ 132,854	
Licenses and permits	55,165			-	55,165	
Intergovernmental revenues	276,782			-	276,782	
Investment earnings	15,844			9,598	25,442	
Other general revenues	27,261			1,535	28,796	
Transfers	245,800			(245,800)	-	
Total general revenues and transfers	\$ 753,706			\$ (234,667)	\$ 519,039	
Change in net assets						
Net assets - beginning	\$ 44,267			\$ (27,916)	\$ 16,351	
Net assets - ending	593,005			1,895,090	2,488,095	
	\$ 637,272			\$ 1,867,174	\$ 2,504,446	

The accompanying notes are an integral part of this financial statement.

Fund Financial Statements

Governmental Funds

TOWN OF CENTREVILLE, MISSISSIPPI

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2006

	<u>Major Fund</u> <u>General Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 348,652	\$ 94,383	\$ 443,035
Receivables (net of allowances for uncollectibles)	35,260	19,339	54,599
Due from other funds	<u>27,786</u>	<u>159</u>	<u>27,945</u>
Total assets	<u>\$ 411,698</u>	<u>\$ 113,881</u>	<u>\$ 525,579</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 33,196	\$ -	\$ 33,196
Accrued liabilities	-	3,682	3,682
Due to other funds	<u>-</u>	<u>52,424</u>	<u>52,424</u>
Total liabilities	<u>\$ 33,196</u>	<u>\$ 56,106</u>	<u>\$ 89,302</u>
Fund balances:			
Reserved for:			
Unemployment claims	\$ -	\$ 7,810	\$ 7,810
Unreserved, reported in:			
General Fund	378,502	-	378,502
Special revenue funds	<u>-</u>	<u>49,965</u>	<u>49,965</u>
Total fund balances	<u>\$ 378,502</u>	<u>\$ 57,775</u>	<u>\$ 436,277</u>
Total liabilities and fund balances	<u>\$ 411,698</u>	<u>\$ 113,881</u>	<u>\$ 525,579</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTREVILLE, MISSISSIPPI

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE FINANCIAL STATEMENT OF NET ASSETS

SEPTEMBER 30, 2006

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$	436,277
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		220,188
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Notes payable		(13,132)
Compensated absences		<u>(6,061)</u>
Net Assets of Governmental Activities (Statement A)	\$	<u>637,272</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTREVILLE, MISSISSIPPI

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Major Fund</u> <u>General Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<u>REVENUES</u>			
Ad valorem	\$ 132,085	\$ 769	\$ 132,854
Licenses and permits	55,165	-	55,165
Intergovernmental revenues	285,660	9,353	295,013
Fines and forfeitures	28,842	-	28,842
Charges for services	6,300	-	6,300
Investment earnings	14,654	1,190	15,844
Other revenues	<u>27,261</u>	<u>-</u>	<u>27,261</u>
Total revenues	<u>\$ 549,967</u>	<u>\$ 11,312</u>	<u>\$ 561,279</u>
<u>EXPENDITURES</u>			
General government	\$ 248,990	\$ -	\$ 248,990
Public safety	333,089	7,429	340,518
Highways and streets	164,304	-	164,304
Debt service:			
Principal	8,770	-	8,770
Interest	<u>590</u>	<u>-</u>	<u>590</u>
Total expenditures	<u>\$ 755,743</u>	<u>\$ 7,429</u>	<u>\$ 763,172</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (205,776)</u>	<u>\$ 3,883</u>	<u>\$ (201,893)</u>
<u>OTHER FINANCING SOURCES</u>			
Transfers - in	<u>\$ 245,800</u>	<u>\$ -</u>	<u>\$ 245,800</u>
Total other financing sources	<u>\$ 245,800</u>	<u>\$ -</u>	<u>\$ 245,800</u>
Net change in fund balances	\$ 40,024	\$ 3,883	\$ 43,907
Fund balances - beginning	<u>338,478</u>	<u>53,892</u>	<u>392,370</u>
Fund balances - ending	<u>\$ 378,502</u>	<u>\$ 57,775</u>	<u>\$ 436,277</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTREVILLE, MISSISSIPPI

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2006

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total Governmental Funds, Statement E	\$ 43,907
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.	(6,956)
The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	8,770
Some expenses reported in the governmental funds do not require the use of current financial resources and, therefore, are not reported as expenditures in the statement of activities.	<u>(1,454)</u>
Change in Net Assets of Governmental Activities, Statement B	<u>\$ 44,267</u>

The accompanying notes are an integral part of this financial statement.

Proprietary Funds

TOWN OF CENTREVILLE, MISSISSIPPI

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS

SEPTEMBER 30, 2006

	<u>Enterprise Fund</u>
<u>ASSETS</u>	
Current assets:	
Cash and cash equivalents	\$ 301,277
Receivables (net of allowances for uncollectibles)	98,476
Due from other funds	<u>26,559</u>
Total current assets	\$ <u>426,312</u>
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	\$ 62,103
Capital assets (net of accumulated depreciation)	<u>1,616,766</u>
Total noncurrent assets	\$ <u>1,678,869</u>
Total assets	\$ <u>2,105,181</u>
<u>LIABILITIES</u>	
Current liabilities:	
Accounts payable	\$ 31,769
Accrued interest payable	187
Due to other funds	2,080
Notes payable - current	<u>27,966</u>
Total current liabilities	\$ <u>62,002</u>
Current liabilities payable from restricted assets	
Consumer deposits	\$ <u>62,103</u>
Long-term liabilities	
Notes payable	\$ <u>113,902</u>
Total liabilities	\$ <u>238,007</u>
<u>NET ASSETS</u>	
Invested in capital assets, net of related debt	\$ 1,474,898
Unrestricted	<u>392,276</u>
Total net assets	\$ <u>1,867,174</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTREVILLE, MISSISSIPPI

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Enterprise Fund</u>
<u>OPERATING REVENUES</u>	
Charges for services:	
Water sales	\$ 311,720
Sewer sales	126,880
Gas sales	383,705
Garbage charges	97,478
Tap fees	3,376
Other operating revenues	<u>27,800</u>
Total operating revenues	\$ <u>950,959</u>
<u>OPERATING EXPENSES</u>	
Personal services	\$ 224,019
Purchase of utilities provided	259,363
Materials and supplies	17,097
Repairs and maintenance	65,083
Depreciation	105,008
Utilities and telephone	49,832
Bad debts	(3,094)
Other operating expenses	<u>23,191</u>
Total operating expenses	\$ <u>740,499</u>
Operating Income	\$ <u>210,460</u>
Nonoperating Revenues (Expenses)	
Interest earnings	\$ 9,598
Other nonoperating revenue	1,535
Interest expense	<u>(3,709)</u>
Total nonoperating revenues (expenses)	\$ <u>7,424</u>
Income Before Transfers	\$ 217,884
Transfers - out	<u>(245,800)</u>
Change in Net Assets	\$ (27,916)
Total net assets - beginning	<u>1,895,090</u>
Total net assets - ending	\$ <u><u>1,867,174</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTREVILLE, MISSISSIPPI

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2006

	<u>Enterprise Fund</u>
<u>Cash Flows From Operating Activities</u>	
Receipts from customers and users	\$ 948,780
Payments to suppliers	(408,847)
Payments to employees	(224,019)
Net cash provided by operating activities	<u>\$ 315,914</u>
<u>Cash Flows From Noncapital Financing Activities</u>	
Transfers to other funds	\$ (269,919)
Net cash used for noncapital financing activities	<u>\$ (269,919)</u>
<u>Cash Flows From Capital and Related Financing Activities</u>	
Purchase of equipment	\$ (33,023)
Principal paid on notes payable	(11,704)
Interest paid on notes payable	(3,667)
Net cash used for capital and related financing activities	<u>\$ (48,394)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on temporary investments	\$ 9,598
Net cash provided by investing activities	<u>\$ 9,598</u>
Net increase in cash and cash equivalents	\$ 7,199
Cash and cash equivalents, beginning of year	356,181
Cash and cash equivalents, end of year	<u>\$ 363,380</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>	
Operating Income	\$ 210,460
<u>Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities</u>	
Depreciation	\$ 105,008
Change in assets and liabilities	
(Increase) decrease in:	
Accounts receivable	(7,660)
Allowance for doubtful accounts	(3,094)
Increase (decrease) in:	
Accounts payable	5,719
Customer deposits	5,481
Total adjustments	<u>\$ 105,454</u>
Net cash provided by operating activities	<u>\$ 315,914</u>

The accompanying notes are an integral part of this financial statement.

Notes to the Financial Statements

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

INTRODUCTION

The Town of Centreville, Mississippi was incorporated March 8, 1884. The Town operates under the Mayor/Board of Aldermen form of government and provides the following services as authorized by its charter: public safety (police and fire); highways and streets; sanitation; health and social services; culture and recreation; education; public improvements; planning and zoning; provision for water, sewer, and gas utilities services; and general services.

The accounting and reporting policies of the Town of Centreville, Mississippi conform to accounting principles generally accepted in the United States of America, as applicable to governments.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the municipality is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the municipality may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function 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 and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. 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.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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 government 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 judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest 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 revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The municipality reports the following major proprietary funds:

The Enterprise Fund is used to account for the provision of water, sewer, gas, and sanitation services. 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. 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 nonoperating revenues and expenses.

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

C. Cash and Cash Equivalents

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments (certificates of deposit) with original maturities of six months or less from the date of acquisition. The Town deposits funds in financial institutions selected by the Board of Aldermen in accordance with state statutes.

There are various restrictions on these deposits imposed by statutes. These restrictions are summarized below:

All deposits with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC), or any successors to such insurance corporations, must be collateralized in an amount equal to 105% of the uninsured amount. (See Note 3)

D. Investments

The Town is allowed by statute to invest excess funds in any bonds or other direct obligations of the United States of America or the State of Mississippi, or of any county or municipality of this state, when such county or municipal bonds have been properly approved; or interest bearing time certificates of deposit or interest bearing accounts with any financial institution approved for the deposit of state funds. The Town currently only invests excess funds in certificates of deposit.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and customer's utility receivables are recognized through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

Ad valorem taxes are not considered to be available resources of the fiscal year to which they apply and are, therefore, not accrued at the end of the fiscal year.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Inventories

For both governmental and proprietary funds, purchase of various operating supplies are regarded as expenditures or expenses at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. For the year ending September 30, 2006, these amounts were considered to be immaterial.

G. Restricted Assets - Utility Fund

Restricted assets were applicable to the following at September 30, 2006:

Consumer deposits	\$ <u>62,103</u>
-------------------	------------------

H. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$5,000 or more for capitalizing capital assets used in the governmental funds.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Governmental activities:	
Land improvements	20 years
Buildings	40 years
Vehicles	5 years
Machinery and equipment	3 - 10 Years
Business-type activities/Enterprise Fund:	
Buildings	40 years
Infrastructure	20 - 50 years
Machinery and equipment	3 - 10 years
Vehicles	5 years

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Compensated Absences

Vested or accumulated annual leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated annual leave that are not expected to be liquidated with expendable available financial resources are reported as a long-term debt. No expenditure is reported for these amounts. Vested or accumulated annual leave of the Enterprise Fund is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Standards No. 43, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

J. Long-Term Obligations

In the government-wide financial statements, and the 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 assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

L. 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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows these procedures establishing budgetary data reflected in the financial statements:

1. Prior to September 1, the Town Clerk prepares a proposed operating budget and submits it to the Mayor and Board of Aldermen for the fiscal year commencing October 1.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at Town Hall to obtain taxpayer comments.
4. The budget, as submitted, is reviewed by the Mayor and the Board of Aldermen. Necessary revisions are made. The budget is approved prior to September 15.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council. The budget is revised as necessary during the year.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

NOTE 3 - CASH AND CASH EQUIVALENTS

At September 30, 2006, the municipality has cash and cash equivalents as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Unrestricted:		
Demand Deposits	\$ 408,257	\$ 415,595
Time deposit	<u>336,055</u>	<u>336,055</u>
Totals - unrestricted accounts	<u>\$ 744,312</u>	<u>\$ 751,650</u>
Restricted:		
Demand Deposits	\$ 22,401	\$ 22,401
Time deposit	<u>39,702</u>	<u>39,702</u>
Totals - restricted accounts	<u>\$ 62,103</u>	<u>\$ 62,103</u>
Totals - all accounts	<u><u>\$ 806,415</u></u>	<u><u>\$ 813,753</u></u>

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

NOTE 3 - CASH AND CASH EQUIVALENTS (continued)

In the event of a failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation.

NOTE 4 - PROPERTY TAX

Real and personal property taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in September and payable on or before February 1. These taxes and public utilities tax are collected by the Town. Auto and mobile home property taxes are collected and remitted to the Town by the county tax collectors. The millage rate for the Town for January through December 2005, was 22.50 mills, broken down as follows:

General Fund	22.25
Fire Fund	<u>.25</u>
	<u>22.50</u>

Restrictions associated with property tax levies are established by state law which provides that the tax levy for general purposes shall produce no more than 110% of the amount which resulted from those levies' assessments of the previous year.

The General Fund tax levy did not result in collections in excess of the 110% limit in the current year. Excess funds from the prior year were considered in establishing the millage for the current year.

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes were determined to be properly handled.

NOTE 5 - RECEIVABLES

Receivables as of year end, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue Special Fire Fund</u>	<u>Enterprise</u>	<u>Agency Tax Clearing</u>	<u>Total</u>
Receivables:					
Interest	\$ 3,335	\$ 37	\$ 433	\$ -	\$ 3,805
Taxes	21,002	-	-	10,758	31,760
Accounts	10,923	-	128,571	-	139,494
Fire insurance rebate	-	8,544	-	-	8,544
Unbilled	-	-	16,513	-	16,513
Gross receivables	<u>\$ 35,260</u>	<u>\$ 8,581</u>	<u>\$ 145,517</u>	<u>\$ 10,758</u>	<u>\$ 200,116</u>
Less allowance for uncollectibles	-	-	47,041	-	47,041
Net total receivables	<u>\$ 35,260</u>	<u>\$ 8,581</u>	<u>\$ 98,476</u>	<u>\$ 10,758</u>	<u>\$ 153,075</u>

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

NOTE 5 - RECEIVABLES (continued)

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the receivable.

NOTE 6 - INTERFUND RECEIVABLES/PAYABLES

The following is a summary of due from/to other funds:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 27,786	\$ -
Special Revenue		
Special Fire Fund	159	-
Agency Funds		
Payroll clearing	-	26,559
Tax Clearing	-	25,865
Enterprise Fund	<u>26,559</u>	<u>2,080</u>
 Total all funds	 <u>\$ 54,504</u>	 <u>\$ 54,504</u>

NOTE 7 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended September 30, 2006, is as follows:

	Beginning Balance 10/1/2005	Increases	Decreases	Ending Balance 9/30/2006
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 22,912	\$ -	\$ -	\$ 22,912
Total capital assets, not being depreciated	<u>\$ 22,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,912</u>
Capital assets being depreciated				
Buildings	\$ 208,828	\$ -	\$ -	\$ 208,828
Machinery and equipment	78,956	-	-	78,956
Vehicles	<u>247,046</u>	<u>18,032</u>	<u>-</u>	<u>265,078</u>
Total capital assets being depreciated	<u>\$ 534,830</u>	<u>\$ 18,032</u>	<u>\$ -</u>	<u>\$ 552,862</u>
Less accumulated depreciation for:				
Buildings	\$ (91,951)	\$ (4,177)	\$ -	\$ (96,128)
Machinery and equipment	(55,187)	(3,219)	-	(58,406)
Vehicles	<u>(183,460)</u>	<u>(17,592)</u>	<u>-</u>	<u>(201,052)</u>
Total accumulated depreciation	<u>\$ (330,598)</u>	<u>\$ (24,988)</u>	<u>\$ -</u>	<u>\$ (355,586)</u>
Total capital assets being depreciated, net	<u>\$ 204,232</u>	<u>\$ (6,956)</u>	<u>\$ -</u>	<u>\$ 197,276</u>
Governmental activities capital assets, net	<u>\$ 227,144</u>	<u>\$ (6,956)</u>	<u>\$ -</u>	<u>\$ 220,188</u>

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

NOTE 7 - CAPITAL ASSETS (continued)

	<u>Beginning Balance 10/1/2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance 9/30/2006</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated				
Land	\$ 16,610	\$ -	\$ -	\$ 16,610
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, not being depreciated	<u>\$ 16,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,610</u>
Capital assets being depreciated				
Distribution systems	\$ 3,475,819	\$ -	\$ -	\$ 3,475,819
Machinery, equipment, and vehicles	<u>162,982</u>	<u>33,023</u>	<u>-</u>	<u>196,005</u>
Total capital assets being depreciated	<u>\$ 3,638,801</u>	<u>\$ 33,023</u>	<u>\$ -</u>	<u>\$ 3,671,824</u>
Less accumulated depreciation for:				
Distribution systems	\$ (1,858,366)	\$ (92,967)	\$ -	\$ (1,951,333)
Machinery, equipment, and vehicles	<u>(108,294)</u>	<u>(12,041)</u>	<u>-</u>	<u>(120,335)</u>
Total accumulated depreciation	<u>\$ (1,966,660)</u>	<u>\$ (105,008)</u>	<u>\$ -</u>	<u>\$ (2,071,668)</u>
Total capital assets being depreciated, net	<u>\$ 1,672,141</u>	<u>\$ (71,985)</u>	<u>\$ -</u>	<u>\$ 1,600,156</u>
Business-type activities capital assets, net	<u>\$ 1,688,751</u>	<u>\$ (71,985)</u>	<u>\$ -</u>	<u>\$ 1,616,766</u>

Depreciation expense of \$24,988 for the year ended September 30, 2006, was charged to the following governmental functions:

General government	\$ 4,645
Public safety	14,511
Highways and streets	<u>5,832</u>
Total	<u>\$ 24,988</u>

NOTE 8 - INTERFUND TRANSFERS

Interfund transfers during the year ended September 30, 2006, were as follows:

- \$245,800 was transferred from the Enterprise Fund to the General Fund to cover expenses of general operations.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

NOTE 9 - ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$68,834 at September 30, 2006 are as follows:

	Governmental Funds	Enterprise Fund	Total
Withholdings	\$ 3,682	\$ 187	\$ 3,869
Accounts	33,196	31,769	64,965
Total	\$ 36,878	\$ 31,956	\$ 68,834

NOTE 10 - LONG-TERM DEBT

Notes payable at September 30, 2006, are comprised of the following:

General

Note payable to First Continental Leasing to finance the purchase of a 2004 Crown Victoria police car, dated June 25, 2004, payable in monthly installments of \$416.53 at an interest rate of 3.25% maturing June 25, 2009. \$ 13,132

Enterprise

Note payable to Mississippi Development Authority dated December 15, 1999, payable in monthly installments of \$802.00 at an interest rate of 3.0% maturing May 1, 2022. 119,498

Note payable to First Continental Leasing to finance the purchase of a 2003 Caterpillar Backhoe, dated September 25, 2003, payable in monthly installments of \$584.90 at an interest rate of 3.11% maturing October 25, 2009 with a balloon payment of \$21,900.00. 22,370

Total notes payable \$ 155,000

Less current portion 32,606

Long-term portion \$ 122,394

Year ending September 30,	Notes Payable				Total
	General		Enterprise		
	Principal	Interest	Principal	Interest	
2007	\$ 4,640	\$ 358	\$ 28,493	\$ 3,558	\$ 37,049
2008	4,793	205	6,309	3,315	14,622
2009	3,699	50	6,501	3,123	13,373
2010	-	-	6,699	2,925	9,624
2011	-	-	6,902	2,722	9,624
2012-2016	-	-	37,792	10,328	48,120
2017-2021	-	-	43,900	4,220	48,120
2022	-	-	5,272	49	5,321
	<u>\$ 13,132</u>	<u>\$ 613</u>	<u>\$ 141,868</u>	<u>\$ 30,240</u>	<u>\$ 185,853</u>

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

NOTE 10 - LONG-TERM DEBT (continued)

There are a number of limitations and restrictions contained in the various bond indentures. The Town is in compliance with all significant limitations and restrictions.

The following is a schedule of limitations of the indebtedness of the Town at September 30, 2006:

Assessed valuation for the fiscal year ended September 30, 2006	\$	6,395,879
Percent limitation		<u>15%</u>
Authorized debt limit	\$	959,381
Present debt service to 15% limitation		<u>13,132</u>
Margin for further indebtedness under 15% limitation	\$	<u>946,249</u>

NOTE 11 - DEFINED BENEFIT PENSION PLAN

Plan Description. The Town of Centreville contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State law and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, Mississippi 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

Funding Policy. PERS members are required to contribute 7.25% of their annual covered salary, and Town of Centreville is required to contribute at an actuarially determined rate. The current rate is 11.3% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The Town of Centreville's contributions to PERS for the years ending September 30, 2006, 2005, and 2004 were \$51,984, \$45,368, and \$38,865, respectively, equal to the required contributions for each year.

NOTE 12 - INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the year ended September 30, 2006, consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Federal			
Police grants	\$ 18,236	\$ -	\$ 18,236
State			
Sales tax allocation	231,903	-	231,903
Taxes - Nuclear Plant	16,608	-	16,608
General municipal aid	875	-	875

(continued)

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

NOTE 12 - INTERGOVERNMENTAL REVENUES (continued)

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
Gasoline tax	4,725	-	4,725
Rail car tax	1,088	-	1,088
Fire protection allocation	-	8,543	8,543
Homestead exemption reimbursement	12,225	810	13,035
Total	<u>\$ 285,660</u>	<u>\$ 9,353</u>	<u>\$ 295,013</u>

NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUND

The Enterprise Fund operated by the Town provides garbage collection, gas utility, and water and sewer utility services. The following is a summary of disclosures required by the National Council on Governmental Accounting in Interpretation 2, Segment Information for Enterprise Funds:

	<u>Garbage Collection</u>	<u>Gas Utility</u>	<u>Water and Sewer Utility</u>	<u>Total</u>
Operating revenues	\$ 97,478	\$ 383,705	\$ 469,776	\$ 950,959
Operating expenses	(73,537)	(331,632)	(230,322)	(635,491)
Depreciation	-	(15,199)	(89,809)	(105,008)
Operating income	<u>\$ 23,941</u>	<u>\$ 36,874</u>	<u>\$ 149,645</u>	\$ 210,460
Interest income				\$ 9,598
Other nonoperating revenues				1,535
Interest expense and fiscal agent charges				(3,709)
Operating transfers, net				<u>(245,800)</u>
Net loss				<u>\$ (27,916)</u>

NOTE 14 - UNEMPLOYMENT COMPENSATION FUND

Mississippi Code Ann. (1972) Sec. 7-5-359 states that a municipality may elect to maintain an unemployment fund and pay all base unemployment claims and one-half of extended unemployment claims out of such fund. The fund after January 1, 1979 will maintain a minimum balance of 2% of the covered wages paid during the past calendar year. The Town was in compliance with state law as of September 30, 2006.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

NOTE 15 - ACCUMULATED UNPAID ANNUAL LEAVE AND SICK PAY

Employees of the Town earn annual and sick leave as designated in the personnel policies adopted by the Town. The Town is responsible for up to ten days of annual leave for each employee. Earned annual leave may not be accumulated from year to year. The Town does not provide for the payment of accumulated sick leave.

NOTE 16 - RISK MANAGEMENT

The Town 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 disaster. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 17 - CONTINGENT LIABILITIES

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 Town expects such amounts, if any, to be immaterial.

Required Supplemental Information (Part II)

TOWN OF CENTREVILLE, MISSISSIPPI
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Taxes	\$ 129,000	\$ 129,000	\$ 132,085	\$ 3,085
Licenses and permits	39,000	39,000	55,165	16,165
Intergovernmental	256,500	256,500	285,660	29,160
Charges for services	11,200	11,200	28,842	17,642
Fines	21,000	21,000	6,300	(14,700)
Interest	9,000	9,000	14,654	5,654
Miscellaneous	17,936	17,936	27,261	9,325
Total revenues	<u>\$ 483,636</u>	<u>\$ 483,636</u>	<u>\$ 549,967</u>	<u>\$ 66,331</u>
EXPENDITURES				
General government	\$ 238,465	\$ 245,291	\$ 248,990	\$ (3,699)
Public safety	375,004	389,163	333,089	56,074
Highways and streets	169,546	170,852	164,304	6,548
Debt service:				
Principal	-	-	8,770	(8,770)
Interest	-	-	590	(590)
Total expenditures	<u>\$ 783,015</u>	<u>\$ 805,306</u>	<u>\$ 755,743</u>	<u>\$ 49,563</u>
Excess of revenues under expenditures	<u>\$ (299,379)</u>	<u>\$ (321,670)</u>	<u>\$ (205,776)</u>	<u>\$ 115,894</u>
OTHER FINANCING SOURCES				
Operating transfers - in	<u>\$ 278,000</u>	<u>\$ 278,000</u>	<u>\$ 245,800</u>	<u>\$ (32,200)</u>
Total other financing sources	<u>\$ 278,000</u>	<u>\$ 278,000</u>	<u>\$ 245,800</u>	<u>\$ (32,200)</u>
Excess revenues and other sources over (under) expenditures and other uses	<u>\$ (21,379)</u>	<u>\$ (43,670)</u>	<u>\$ 40,024</u>	<u>\$ 83,694</u>
Fund balance - beginning of year	<u>338,479</u>	<u>338,479</u>	<u>338,479</u>	<u>-</u>
Fund balance - end of year	<u>\$ 317,100</u>	<u>\$ 294,809</u>	<u>\$ 378,503</u>	<u>\$ 83,694</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTREVILLE, MISSISSIPPI
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2006

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

2. Budget Amendments and Revisions

The budget is adopted by the Board of Aldermen. Amendments can be made on the approval of the Board of Aldermen. A budgetary comparison is presented for the General Fund and each major special revenue fund consistent with accounting principles generally accepted in the United States of America. There were no major special revenue funds.

Other Supplemental Information

TOWN OF CENTREVILLE, MISSISSIPPI
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2006

	Special Revenue		Fiduciary Funds			Total Nonmajor Govern- mental Funds
	Special Fire Fund	Unemploy- ment Compen- sation Fund	Accounts Payable and Payroll Clearing Funds	Tax Clearing Fund	Total	
ASSETS						
Cash and cash equivalents	\$ 41,225	\$ 7,810	\$ 49,035	\$ 15,107	\$ 45,348	\$ 94,383
Receivables (net of allowance for uncollectibles)	8,581	-	8,581	10,758	10,758	19,339
Due from other funds	159	-	159	-	-	159
Total assets	<u>\$ 49,965</u>	<u>\$ 7,810</u>	<u>\$ 57,775</u>	<u>\$ 25,865</u>	<u>\$ 56,106</u>	<u>\$ 113,881</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ 3,682	\$ 3,682
Due to other funds	-	-	-	25,865	52,424	52,424
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,865</u>	<u>\$ 56,106</u>	<u>\$ 56,106</u>
Fund Balances:						
Reserved for:						
Unemployment claims	\$ -	\$ 7,810	\$ 7,810	\$ -	\$ -	\$ 7,810
Unreserved, undesignated	49,965	-	49,965	-	-	49,965
Total fund balances	<u>\$ 49,965</u>	<u>\$ 7,810</u>	<u>\$ 57,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,775</u>
Total liabilities and fund balances	<u>\$ 49,965</u>	<u>\$ 7,810</u>	<u>\$ 57,775</u>	<u>\$ 25,865</u>	<u>\$ 56,106</u>	<u>\$ 113,881</u>

The accompanying notes are an integral part of this financial statement.

Comparative/Combining Financial Statements and Schedules

GENERAL FUND

The General Fund is used to account for resources traditionally associated with governments, which are not required to be accounted for in another fund.

TOWN OF CENTREVILLE, MISSISSIPPI

GENERAL FUND

COMPARATIVE BALANCE SHEET

SEPTEMBER 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Cash	\$ 29,608	\$ 10,609
Other deposits	319,044	307,167
Accounts receivable	35,260	30,433
Due from other funds	<u>27,786</u>	<u>26,831</u>
Total assets	<u>\$ 411,698</u>	<u>\$ 375,040</u>
<u>LIABILITIES AND FUND BALANCE</u>		
Liabilities		
Claims payable	<u>\$ 33,196</u>	<u>\$ 36,561</u>
Total liabilities	<u>\$ 33,196</u>	<u>\$ 36,561</u>
Fund Balance		
Unreserved, undesignated	<u>\$ 378,502</u>	<u>\$ 338,479</u>
Total fund balance	<u>\$ 378,502</u>	<u>\$ 338,479</u>
Total liabilities and fund balance	<u>\$ 411,698</u>	<u>\$ 375,040</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTREVILLE, MISSISSIPPI

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

YEAR ENDED SEPTEMBER 30, 2006

WITH COMPARATIVE AMOUNTS FOR YEAR ENDED SEPTEMBER 30, 2005

	<u>2006</u>	<u>2005</u>
REVENUES		
Ad valorem taxes	\$ 132,085	\$ 121,623
Licenses and permits	55,165	47,885
Intergovernmental	285,660	266,508
Charges for services	6,300	7,600
Fines	28,842	21,018
Interest	14,654	9,631
Miscellaneous	<u>27,261</u>	<u>12,234</u>
Total revenues	<u>\$ 549,967</u>	<u>\$ 486,499</u>
EXPENDITURES		
General government	\$ 248,990	\$ 249,960
Public safety	333,089	357,384
Highways and streets	164,304	146,078
Debt Service		
Principal	8,770	9,288
Interest	<u>590</u>	<u>946</u>
Total expenditures	<u>\$ 755,743</u>	<u>\$ 763,656</u>
Excess of revenues under expenditures	<u>\$ (205,776)</u>	<u>\$ (277,157)</u>
OTHER FINANCING SOURCES		
Operating transfers - in	<u>\$ 245,800</u>	<u>\$ 210,244</u>
Total other financing sources	<u>\$ 245,800</u>	<u>\$ 210,244</u>
Excess revenues and other sources over (under) expenditures and other uses	\$ 40,024	\$ (66,913)
Fund balances - beginning of year	<u>338,478</u>	<u>405,391</u>
Fund balances - end of year	<u>\$ 378,502</u>	<u>\$ 338,478</u>

The accompanying notes are an integral part of this financial statement.

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are restricted to expenditure for particular purposes.

Special Fire Fund - to account for "Fire Protection Allocation" money received from the state and a .25 mill tax levy.

Unemployment Compensation Fund - to account for monies held in trust for unemployment compensation in accordance with the Mississippi Employment Security Law in lieu of quarterly contributions at a standard rate.

TOWN OF CENTREVILLE, MISSISSIPPI

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
SEPTEMBER 30, 2006

WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2005

	<u>Nonmajor Funds</u>		<u>Totals</u>	
	Special	Unemployment		
	<u>Fire Fund</u>	<u>Compensation Fund</u>	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>				
Cash	\$ 24,213	\$ 7,810	\$ 32,023	\$ 29,027
Other deposits	17,012	-	17,012	16,764
Accounts receivable	8,581	-	8,581	7,942
Due from other funds	<u>159</u>	<u>-</u>	<u>159</u>	<u>159</u>
Total assets	<u>\$ 49,965</u>	<u>\$ 7,810</u>	<u>\$ 57,775</u>	<u>\$ 53,892</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Total liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance				
Fund balance				
Reserve for unemployment benefits	\$ -	\$ 7,810	\$ 7,810	\$ 7,599
Unreserved, undesignated	<u>49,965</u>	<u>-</u>	<u>49,965</u>	<u>46,293</u>
Total fund balance	<u>\$ 49,965</u>	<u>\$ 7,810</u>	<u>\$ 57,775</u>	<u>\$ 53,892</u>
Total liabilities and fund balance	<u>\$ 49,965</u>	<u>\$ 7,810</u>	<u>\$ 57,775</u>	<u>\$ 53,892</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTREVILLE, MISSISSIPPI

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

YEAR ENDED SEPTEMBER 30, 2006

WITH COMPARATIVE TOTALS FOR YEAR ENDED SEPTEMBER 30, 2005

	Nonmajor Funds		Totals	
	Special Fire Fund	Unemployment Compensation Fund	2006	2005
REVENUES				
Taxes	\$ 769	\$ -	\$ 769	\$ 1,470
Intergovernmental	9,353	-	9,353	13,458
Interest	979	211	1,190	894
Total revenues	\$ 11,101	\$ 211	\$ 11,312	\$ 15,822
EXPENDITURES				
Public safety	\$ 7,429	\$ -	\$ 7,429	\$ 12,324
Unemployment claims	-	-	-	-
Total expenditures	\$ 7,429	\$ -	\$ 7,429	\$ 12,324
Excess of revenues over expenditures	\$ 3,672	\$ 211	\$ 3,883	\$ 3,498
Fund balance - beginning of year	46,293	7,599	53,892	50,394
Fund balance - end of year	\$ 49,965	\$ 7,810	\$ 57,775	\$ 53,892

The accompanying notes are an integral part of this financial statement.

ENTERPRISE FUND

The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's council has decided that periodic determination of net income is appropriate for accountability purposes.

Enterprise Fund - This fund is used to account for the activities of the government's water, sewer, garbage, and gas distribution operations.

TOWN OF CENTREVILLE, MISSISSIPPI

ENTERPRISE FUND

COMPARATIVE BALANCE SHEET

SEPTEMBER 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>ASSETS</u>		
Current assets		
Cash	\$ 301,277	\$ 299,559
Accounts receivable (net of allowance for doubtful accounts of \$47,041 and \$50,135, respectively)	98,476	87,722
Due from other funds	26,559	-
Total current assets	<u>\$ 426,312</u>	<u>\$ 387,281</u>
Noncurrent assets		
Restricted assets - customer deposits		
Cash	\$ 22,401	\$ 17,995
Other deposits	39,702	38,627
Total restricted assets	<u>\$ 62,103</u>	<u>\$ 56,622</u>
Fixed assets		
Land	\$ 16,610	\$ 16,610
Distribution systems	3,671,824	3,638,801
Accumulated depreciation	(2,071,668)	(1,966,660)
Fixed assets (net of accumulated depreciation)	<u>\$ 1,616,766</u>	<u>\$ 1,688,751</u>
Total assets	<u>\$ 2,105,181</u>	<u>\$ 2,132,654</u>
<u>LIABILITIES</u>		
Current liabilities (payable from current assets)		
Accounts payable	\$ 31,769	\$ 26,050
Due to other funds	2,080	1,175
Accrued interest payable	187	145
Notes payable - current	27,966	12,176
Total current liabilities (payable from current assets)	<u>\$ 62,002</u>	<u>\$ 39,546</u>
Current liabilities (payable from restricted assets)		
Customer deposits payable	\$ 62,103	\$ 56,622
Total current liabilities (payable from restricted assets)	<u>\$ 62,103</u>	<u>\$ 56,622</u>
Long-term liabilities		
Notes payable	\$ 113,902	\$ 141,396
Total long-term liabilities	<u>\$ 113,902</u>	<u>\$ 141,396</u>
Total liabilities	<u>\$ 238,007</u>	<u>\$ 237,564</u>
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	\$ 1,474,898	\$ 1,535,179
Unrestricted	392,276	359,911
Total net assets	<u>\$ 1,867,174</u>	<u>\$ 1,895,090</u>
Total liabilities and net assets	<u>\$ 2,105,181</u>	<u>\$ 2,132,654</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTREVILLE, MISSISSIPPI

ENTERPRISE FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS

YEARS ENDED SEPTEMBER 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
<u>OPERATING REVENUES</u>		
Charges for services:		
Water sales	\$ 311,720	\$ 302,237
Sewer charges	126,880	124,449
Gas sales	383,705	309,633
Garbage charges	97,478	93,943
Tap fees	3,376	6,920
Other operating revenue	<u>27,800</u>	<u>23,914</u>
Total operating revenues	<u>\$ 950,959</u>	<u>\$ 861,096</u>
<u>OPERATING EXPENSES</u>		
Personal services	\$ 224,019	\$ 199,563
Purchase of utilities provided	259,363	186,557
Materials and supplies	17,097	21,641
Repairs and maintenance	65,083	48,278
Depreciation	105,008	95,328
Utilities and telephone	49,832	32,165
Bad debts	(3,094)	10,481
Other operating expenses	<u>23,191</u>	<u>8,283</u>
Total operating expenses	<u>\$ 740,499</u>	<u>\$ 602,296</u>
Operating income	<u>\$ 210,460</u>	<u>\$ 258,800</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest earnings	\$ 9,598	\$ 6,959
Other nonoperating revenue	1,535	-
Interest expense	<u>(3,709)</u>	<u>(3,936)</u>
Total nonoperating revenues (expenses)	<u>\$ 7,424</u>	<u>\$ 3,023</u>
Income Before Contributions and Transfers	\$ 217,884	\$ 261,823
Capital contributions	-	311,729
Transfers - out	<u>(245,800)</u>	<u>(210,244)</u>
Change in Net Assets	\$ (27,916)	\$ 363,308
Net assets - beginning	<u>1,895,090</u>	<u>1,531,782</u>
Net assets - ending	<u>\$ 1,867,174</u>	<u>\$ 1,895,090</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF CENTREVILLE, MISSISSIPPI

ENTERPRISE FUND

COMPARATIVE STATEMENT OF CASH FLOWS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

YEARS ENDED SEPTEMBER 30, 2006 AND 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities		
Receipts from customers and users	\$ 948,780	\$ 852,341
Payments to suppliers	(408,847)	(298,230)
Payments to employees	(224,019)	(199,563)
Net cash provided by operating activities	<u>\$ 315,914</u>	<u>\$ 354,548</u>
Cash flows from noncapital financing activities		
Transfers to other funds	\$ (269,919)	\$ (209,069)
Net cash used for noncapital financing activities	<u>\$ (269,919)</u>	<u>\$ (209,069)</u>
Cash flows from capital and related financing activities		
Capital contributions from grants	\$ -	\$ 311,729
Purchase of equipment	(33,023)	-
Acquisition and construction of water and sewer system improvements	-	(392,581)
Principal paid on notes payable	(11,704)	(11,755)
Interest paid on notes payable	(3,667)	(3,953)
Net cash used for capital and related financing activities	<u>\$ (48,394)</u>	<u>\$ (96,560)</u>
Cash flows from investing activities		
Interest on temporary investments	\$ 9,598	\$ 6,959
Net cash provided by investing activities	<u>\$ 9,598</u>	<u>\$ 6,959</u>
Net increase in cash and cash equivalents	\$ 7,199	\$ 55,878
Cash and cash equivalents - beginning of year	<u>356,181</u>	<u>300,303</u>
Cash and cash equivalents - end of year	<u>\$ 363,380</u>	<u>\$ 356,181</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 210,460	\$ 258,800
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	\$ 105,008	\$ 95,328
Change in assets and liabilities		
(Increase) decrease in:		
Accounts receivable	(7,660)	(11,709)
Allowance for doubtful accounts	(3,094)	10,481
Increase (decrease) in:		
Accounts payable	5,719	(1,306)
Customer deposits	5,481	2,954
Total adjustments	<u>\$ 105,454</u>	<u>\$ 95,748</u>
Net cash provided by operating activities	<u>\$ 315,914</u>	<u>\$ 354,548</u>

The accompanying notes are an integral part of this financial statement.

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments, and/or other funds.

Accounts Payable Clearing Fund - to account for the collection and payment of purchases from vendors and suppliers.

Payroll Clearing Fund - to account for the collection and payment of employee compensation and payroll deductions to the appropriate agencies.

Tax Clearing Fund - to account for the collection and distribution of ad valorem taxes levied annually.

TOWN OF CENTREVILLE, MISSISSIPPI

FIDUCIARY FUNDS

COMBINING BALANCE SHEET

SEPTEMBER 30, 2006

WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2005

	Accounts Payable and Payroll Clearing Funds	Tax Clearing Fund	Totals	
			2006	2005
<u>ASSETS</u>				
Cash	\$ 30,241	\$ 15,107	\$ 45,348	\$ 19,266
Accounts receivable	-	10,758	10,758	9,890
Due from other funds	-	-	-	2,699
Total assets	<u>\$ 30,241</u>	<u>\$ 25,865</u>	<u>\$ 56,106</u>	<u>\$ 31,855</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities				
Due to other funds	\$ 26,559	\$ 25,865	\$ 52,424	\$ 28,514
Accrued payroll liabilities	<u>3,682</u>	<u>-</u>	<u>3,682</u>	<u>3,341</u>
Total liabilities	<u>\$ 30,241</u>	<u>\$ 25,865</u>	<u>\$ 56,106</u>	<u>\$ 31,855</u>
Fund Balance				
Total fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and fund balance	<u>\$ 30,241</u>	<u>\$ 25,865</u>	<u>\$ 56,106</u>	<u>\$ 31,855</u>

The accompanying notes are an integral part of this financial statement.

Other Supplemental Information

TOWN OF CENTREVILLE, MISSISSIPPI

SCHEDULE RECONCILING ORIGINAL AD VALOREM TAX ROLLS TO
FUND COLLECTIONS ON 2005 AD VALOREM TAXES

YEAR ENDED SEPTEMBER 30, 2006

	<u>Assessed Value</u>	<u>Tax</u>	
Assessed valuation			
Real property	\$ 3,764,609		
Personal property	579,603		
Auto and mobile home	1,631,222		
Public utilities	<u>420,445</u>		
Total at 22.5 mills	\$ <u>6,395,879</u>	\$ 143,907	
Less homestead credit allowed		(12,880)	
Add: Actual homestead reimbursement		12,365	
Prior year collections		<u>7,262</u>	
Total to be accounted for		<u>\$ 150,654</u>	
	<u>Taxes</u>	<u>Homestead Reimbursement</u>	<u>Totals</u>
Credits			
Collection allocated to:			
General Fund	\$ 130,730	\$ 11,756	\$ 142,486
Special Fire Fund	<u>1,469</u>	<u>609</u>	<u>2,078</u>
	<u>\$ 132,199</u>	<u>\$ 12,365</u>	<u>\$ 144,564</u>
Balance represented by			
Unpaid real and personal			10,758
5% commissions on auto and mobile home			(2,143)
Unaccounted for			<u>(2,525)</u>
Total accounted for			<u>\$ 150,654</u>

Note: Ad valorem taxes on automobiles and mobile homes are collected and remitted by the respective county.

TOWN OF CENTREVILLE, MISSISSIPPI
SCHEDULE OF INVESTMENTS - ALL FUNDS
SEPTEMBER 30, 2006

UNRESTRICTED INVESTMENTS

General Fund

Certificate of Deposit, dated July 9, 2006, interest rate 4.71%, due October 9, 2006	\$ 319,044
--------------------------------------------------------------------------------------	------------

Special Revenue - Special Fire Fund

Certificate of Deposit, dated August 13, 2006, interest rate 1.41%, due November 13, 2006	<u>17,012</u>
-------------------------------------------------------------------------------------------	---------------

	<u>\$ 336,056</u>
--	-------------------

RESTRICTED INVESTMENTS

Enterprise Fund

Certificate of Deposit, dated August 17, 2006, interest rate 2.96%, due November 17, 2006	<u>\$ 39,702</u>
-------------------------------------------------------------------------------------------	------------------

Total investments

	<u><u>\$ 375,758</u></u>
--	--------------------------

TOWN OF CENTREVILLE, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR MUNICIPAL OFFICIALS
SEPTEMBER 30, 2006

<u>Name</u>	<u>Position</u>	<u>Insurance Company</u>	<u>Amount</u>
David D. Owens	Mayor	Travelers Casualty & Surety Company	\$ 25,000
James R. Reese	Chief of Police	Travelers Casualty & Surety Company	\$ 50,000
Faye Smith	Dispatcher	Travelers Casualty & Surety Company	\$ 10,000
Nadara K. McGraw	Dispatcher	Travelers Casualty & Surety Company	\$ 10,000
Michelle Singleton	Town Clerk	Western Surety Company	\$ 50,000
Jerrie R. Love	Deputy Clerk	Western Surety Company	\$ 10,000
Laura C. Bruss	Deputy Clerk	Travelers Casualty & Surety Company	\$ 10,000
Cathleen Shelton	Deputy Clerk	Brierfield Insurance Company	\$ 10,000
Carl D'Aquila, Jr.	Alderman	St. Paul Surety Company	\$ 10,000
Thomas Lobrano	Alderman	St. Paul Surety Company	\$ 10,000
Mary West	Alderman	St. Paul Surety Company	\$ 10,000
Mary Sanders	Alderman	St. Paul Surety Company	\$ 10,000
John Moore	Alderman	St. Paul Surety Company	\$ 10,000

TOWN OF CENTREVILLE, MISSISSIPPI

SCHEDULE OF LONG-TERM DEBT

YEAR ENDED SEPTEMBER 30, 2006

Definition and Purpose	Balance Outstanding 10/1/2005	Transactions During Year		Balance Outstanding 9/30/2006
		Issued	Redeemed	
Notes Payable				
General:				
2003 Crown Victoria	\$ 4,279	\$ -	\$ 4,279	\$ -
2004 Crown Victoria	<u>17,624</u>	<u>-</u>	<u>4,492</u>	<u>13,132</u>
	<u>\$ 21,903</u>	<u>\$ -</u>	<u>\$ 8,771</u>	<u>\$ 13,132</u>
Enterprise:				
2001 CAP loan	\$ 125,495	\$ -	\$ 5,997	\$ 119,498
2003 Caterpillar Backhoe	<u>28,077</u>	<u>-</u>	<u>5,707</u>	<u>22,370</u>
	<u>\$ 153,572</u>	<u>\$ -</u>	<u>\$ 11,704</u>	<u>\$ 141,868</u>
Other Long-Term Debt				
Compensated absences	<u>\$ 4,607</u>	<u>\$ 1,454</u>	<u>\$ -</u>	<u>\$ 6,061</u>
Total	<u>\$ 180,082</u>	<u>\$ 1,454</u>	<u>\$ 20,475</u>	<u>\$ 161,061</u>

Internal Control and Compliance Reports



SILAS SIMMONS LLP

CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

209 N. Commerce Street
P.O. Box 1027
Natchez, Mississippi 39121-1027
Telephone: 601.442.7411
Fax: 601.442.8551
www.silassimmons.com

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

Mayor and Board of Aldermen
Town of Centreville, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Centreville, Mississippi, as of and for the year ended September 30, 2006, which collectively comprise the Town of Centreville, Mississippi's basic financial statements, and have issued our report thereon dated March 19, 2007. 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.

Internal Control Over Financial Reporting

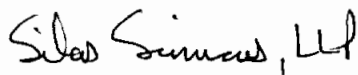
In planning and performing our audit, we considered the Town of Centreville, Mississippi's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Town of Centreville, Mississippi's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as items number 2004-01 and 2006-01 through 2006-03.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described, we consider findings 2004-01, and 2006-01 through 2006-03 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Centreville, Mississippi's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Mayor, Members of the Board of Aldermen, management of the Town of Centreville, Mississippi, the Office of the State Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Natchez, Mississippi
March 19, 2007

TOWN OF CENTREVILLE, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | | |
|----|------------------------------------------------------------------------------------------|-------------|
| 1. | Type of auditor's report issued on the general purpose financial statements: | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | Yes |
| | b. Reportable condition(s) identified that are not considered to be material weaknesses? | No |
| 3. | Material noncompliance relating to the general purpose financial statements? | No |

SECTION 2: FINANCIAL STATEMENT FINDINGS

Reportable Conditions Considered to be Material Weaknesses

Current Year

2004-01 Finding

From our understanding of the Town's internal control structure, we have determined that the small size of the Town and its limited number of personnel do not allow for the adequate segregation of duties among its employees. This is a continuing comment from prior years. In the past, we have recommended that the duties of the employees be segregated as much as possible under these limited conditions.

Recommendation

We do not believe that it would be cost effective for the Town to hire the additional staff required to resolve this problem. We recommend that management continue to implement alternate procedures to help alleviate this condition. Also, we believe that the Board should be diligent in approving transactions and reviewing monthly financial information.

Corrective Action

The Town will continue to implement alternate control procedures.

2006-01 Finding

Interfund receivables and payables were not in balance at September 30, 2006. Adjustments to correct numerous posting errors were required to balance these accounts. This condition is considered to be a material weakness.

TOWN OF CENTREVILLE, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

SECTION 2: FINANCIAL STATEMENT FINDINGS (continued)

Recommendation

Inter-fund receivables and payables should be reconciled to the reciprocal funds periodically and adjusted if necessary. We recommend that the Town Clerk review these accounts monthly to insure that inter-fund transactions remain in balance.

Management's Response

The Town Clerk will review inter-fund accounts more carefully to assure that the inter-fund receivables and payables are in balance. This problem occurred because the Clerk was burdened with too many responsibilities. Additional help has been hired to help the Town Clerk.

2006-02 Finding

The payroll and claims clearing bank account had not been reconciled as of September 30, 2006. Several adjustments were required to reconcile the balance. We consider this to be a material weakness.

Recommendation

Reconciliations of bank accounts to the general ledger is a core procedure in any system of internal control. Bank reconciliations should be prepared monthly and in a timely manner once the bank statements have been received from the bank. Corrections should be made immediately upon discovery. We also recommend that a second person in the office review the reconciliation for accuracy and completeness.

Management's Response

The Clerk will do her best to keep the accounts reconciled.

2006-03 Finding

Operating transfers to and from other funds were not in balance at September 30, 2006. Like inter-fund receivables and payables, inter-fund transfers should agree with the reciprocal fund. This condition appears to have been created because accounts are not being reconciled. Because significant adjustments were required to balance these accounts, we consider this finding to be a material weakness at September 30, 2006.

Recommendation

Inter-fund transfers should be reconciled to the reciprocal funds periodically and adjusted if necessary. We recommend that the Town Clerk review these accounts monthly to insure that inter-fund transactions remain in balance.

Management's Response

Operating transfers will be reviewed and balanced monthly.

TOWN OF CENTREVILLE, MISSISSIPPI
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2006

SECTION 3: FEDERAL AWARDS, FINDINGS, AND QUESTIONED COSTS

Not applicable



SILAS SIMMONS LLP
 CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

209 N. Commerce Street
 P.O. Box 1027
 Natchez, Mississippi 39121-1027
 Telephone: 601.442.7411
 Fax: 601.442.8551
 www.silassimmons.com

**INDEPENDENT AUDITOR'S REPORT
 ON COMPLIANCE WITH STATE LAWS
 AND REGULATIONS**

Mayor and Board of Aldermen
 Town of Centreville, Mississippi

We have audited the general purpose financial statements of the Town of Centreville, Mississippi, as of and for the year ended September 30, 2006, and have issued our report thereon dated March 19, 2007. 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*.

In connection with our audit, nothing came to our attention that caused us to believe that the Town of Centreville, Mississippi had not complied with the requirements of the Office of the State Auditor, as set forth in the Municipal Compliance Questionnaire.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the general purpose financial statements disclosed no material instances of noncompliance with state laws and regulations. There were no prior year findings.

This report is intended for the information of the Town's management and the Office of the State Auditor, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Silas Simmons, LLP

Natchez, Mississippi
 March 19, 2007