

AGENDA
CITY OF CENTRALIA, MISSOURI
Board of Aldermen
Regular Meeting
Monday, July 16, 2012
7:00 P.M.
City Hall Council Chambers

- I. ROLL CALL
- II. PLEDGE OF ALLEGIANCE
- III. CONSENT AGENDA (Approved as a group unless separated by request of one or more Aldermen)
 - A. Minutes of Prior Meetings
 - B. Minutes of Public Works and Public Utilities Committee Meeting
 - C. Minutes of General Government Committee Meeting
 - D. Minutes of Centralia Enhanced Enterprise Zone Board
 - E. Reports
 - 1. Treasurer's & Collector's Reports
 - 2. Activity Reports
- IV. ACCOUNTS PAYABLE OVER \$1,250
- V. COMMENTS FROM CITIZENS
- VI. PRESENTATION OF AUDIT REPORT FOR FISCAL YEAR 2011-12 – Williams-Keepers
- VII. Discussions with Chamber of Commerce Director Ginny Zoellers
- VIII. PUBLIC HEARINGS–None Scheduled
- IX. ACTION AGENDA
 - A. Finance – None Scheduled
 - B. Permits and Licenses–None Scheduled
 - C. Legal –
 - 1. Amending City Code Provisions on Speed Limits–Ordinance
Bill No. _____ Ordinance No. _____
 - 2. Sale of Scrap Metal
 - D. Purchasing –
 - 1. Authorizing Contract with APAC–Missouri, Inc. for Street Asphalt Overlays–Ordinance
Bill No. _____ Ordinance No. _____
 - 2. Water System Distribution Materials
 - 3. Dust Control
- X. OLD BUSINESS
- XI. NEW BUSINESS
 - A. Mayor
 - B. Aldermen
 - C. City Administrator
 - D. City Attorney
 - E. City Clerk
- XII. AS MAY ARISE
- XIII. RECESS

Mayor Grenke called the regular meeting to order at 7:00 p.m.

Roll Call: Aldermen Jon Angell, Don Bormann, David Wilkins, Landon Magley, Farris Sanders and Catherine Simmons answered roll call.

Also present were City Administrator Lynn P. Behrns, City Attorney Merritt Beck, Police Sergeant Robert Bias, James Smith with the Centralia Fireside Guard, Sheila Bias, Linda Bormann, Kenny Cooley

Pledge of Allegiance:

Mayor Grenke led everyone in the pledge of allegiance.

CONSENT AGENDA:

Mayor Grenke asked for approval of the Consent Agenda in its entirety or any items to be pulled for comment or correction.

CONSENT AGENDA:

- A. Minutes of Prior Meeting
- B. Minutes of Public Works and Public Utilities Committee Meeting
- C. Minutes of General Government Committee Meeting
- D. Minutes of Technical Advisory Committee Meeting
Reports
 - 1. Treasurer's & Collector's Reports
 - 2. Activity Reports

Alderman Simmons noted that her name was not added to the roll call for the May Public Works and Public Utilities meeting minutes, and requested that it be added.

Attorney Beck also noted a change for the Public Works and Public Utilities minutes; Will Mustain was proposing an "Eagle" scout, not an "East" scout project. Beck also noted that in the regular Board meeting minutes, under the discussions with prosecutor, to change "lesser" fine to "higher" fine.

Motion was made by Alderman Bormann to accept the consent agenda in its entirety with the noted corrections. Alderman Wilkins seconded the motion. On a call by the Mayor for ayes and nays, the motion passed unanimously.

Daryl Spauldin entered the meeting at 7:04 p.m.

Accounts Payable over \$1250 was presented in the amount of \$325,313.26 as follows:

ACCOUNTS PAYABLE OVER \$1250

JUNE 18, 2012

Ameren Energy Marketing (Wholesale Energy)	\$ 120,763.79
Ameren Service -MC 1037 (Transmission Charges)	\$ 13,040.22
Armor Equipment (5 -2 yd dumpsters)	\$ 2,295.00
Asplundh Tree Expert (Tree trimming Contract # Z011645)	\$ 3,694.05
Christensen Asphalt	\$ 2,130.66
Christensen Construction Company (Crack filling of city streets)	\$ 5,190.00
City Of Columbia (Landfill charges for May 2012)	\$ 8,650.70
Dell (3-Computers)	\$ 2,484.00
Fire Master Fire Equipment (used 1995 Freightliner Fire Truck)	\$ 88,150.00
First Baptist Church (Materials used for sidewalk replacement on Singleton)	\$ 2,581.00
Hardesty Construction (Cemetery Mowing)	\$ 2,525.00

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HD Waterworks (Water Dept Supplies)	\$	7,470.94
LaCrosse Lumber (\$1517.66 Ave of Flags)	\$	2,695.63
MFA Oil (fuel)	\$	7,125.16
MISO	\$	2,147.27
Missouri Rural Services (Additional Prem Due)	\$	2,665.00
MJMEUC (Prairie State Charges)	\$	31,815.78
Water & Sewer Supply (Pipe for Bill Miller Project)	\$	2,119.00
Williams Keepers (Progress Payment on 2011 Audit)	\$	8,475.00
TOTAL	\$	316,018.20

ADDED AFTER GGFC MEETING

Altec (Parts & Repair for Trks 26 & 29)	\$	1,674.69
Fletcher Reinhardt (Electric Supplies)	\$	1,623.12
HD Supply Utilities (Elec Dept Supplies)	\$	1,554.55
HD Water Works (2-5' Bury Hydrant \$2958)	\$	2,991.70
JCI Industries (Solid State Starter)	\$	1,451.00
TOTAL	\$	9,295.06
GRAND TOTAL	\$	325,313.26

Alderman Simmons made the motion to approve the Accounts Payable over \$1250 in the amount of \$325,313.26. Alderman Bormann seconded the motion. On a call by the Mayor for ayes and nays, the motion passed unanimously.

COMMENTS FROM CITIZENS:

Comments from Citizens was opened at 7:05 p.m. by Mayor Grenke.

There being no comments, Comments from Citizens was closed at 7:06 p.m. by Mayor Grenke.

Discussions with Chamber of Commerce Director Ginny Zoellers

Zoellers was absent from the meeting.

Mayor Grenke commented that he thought the Centralia Anchor Fest was successful, and the preparations for the Anchor City BBQ contest are moving along. The date for the BBQ contest will be October 19th and 20th.

Linda Bormann presented some information on behalf of the Chamber of Commerce. The Chamber is still working on details of the 350 program, and is actively working on a new name and something that represents Centralia locally as the original program can't be duplicated.

The ground breaking for the new Forrest Chevrolet lot is set for Wednesday, June 20th. Bormann noted that if the date changes due to weather conditions, the Chamber will let everyone know.

Consideration of Early Paving of South Columbia Street

Alderman Bormann reported that the owners of SW Country Estates are not willing to pay for anything over and above what it would cost them to put it in, and if prevailing wage would be higher they would want the City to pick that up. Boyd Harris has not thrown the idea out, but hasn't been in the office to schedule a time to talk about the issue.

Behrns noted that there is \$8000 available in accounts with the developer to go towards the cost of paving the road.

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Alderman Magley stated that he had done some research on the dust control issue, and Scott Industries had charged \$450 for a strip of road south of town that was 350' x 20'. Behrns questioned if it was done in conjunction with the county contract. Found out that would have to come up with a load and was going to be a min price no matter what.

Alderman Wilkins commented that if the City doesn't get anything for this, would like to see the contract for next year.

The strip would be about double that length...\$800 vs. \$3800.

Mayor Grenke asked about the cost to pave the street, and Behrns noted that it would probably in the \$70,000's if the owners do the work, or in the \$90,000's factoring in prevailing wage.

Alderman Sanders questioned how long the contractors had to finish the road in the contract. Mayor Grenke said that they were under no obligation to finish until the subdivision is developed. Behrns noted that they have already completed 500-600 feet.

Daryl Spauldin, 11300 Roberts Lane, stated that he felt that someone should not have made a contract that way, and questioned who had made the contract.

Behrns said that the contract had been voted on by P & Z and been adopted by the board.

Jason Webb – 831 S Central, stated that he had come to get an answer on the dust control as he had been told he would have an answer at the end of 2 weeks.

Alderman Bormann noted that Boyd Harris had been out of town and haven't gotten an answer at that time. Alderman Sanders asked if there was a way to make him do dust control. Alderman Bormann replied that were was not.

There was some more discussion regarding the dust control issue, and Alderman Angell asked to have the issue addressed in 2 weeks during the July 2nd Public Works & Public Utilities meeting.

Jason Webb left the meeting at 7:20

PUBLIC HEARING: None Scheduled.

ACTION AGENDA:

Finance:

Correcting the amount of Budgeted Transfer

Behrns noted that the budget report shows a \$30,000 transfer from water to general fund, which was originally approved at \$35,000. The amount needed was only \$30,000.

Alderman Simmons made a motion to approve the change of the transfer from the water fund to the general fund from \$35,000 to \$30,000. The motion was seconded by Alderman Bormann. On a call by the Mayor for ayes and nays, the motion passed unanimously.

Legal:

PURCHASING:

ORDINANCE: Authorizing Contract with Luebbert Engineering for Services Relating to Reconstruction of Portions of Switzler Street and Jefferson Street

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Alderman Sanders stated that he still believes that the City is wasting this money after talking to contractors. Alderman Bormann noted that it is a requirement of the law in order to rebuild the street. There was some more discussion between Sanders and Bormann regarding the core samples taken on Switzler Street.

Alderman Simmons presented a bill marked and designated as bill no. 2619 to create an ordinance entitled “AN ORDINANCE AUTHORIZING AND DIRECTING THE MAYOR AND CITY CLERK OF THE CITY OF CENTRALIA, MISSOURI, TO EXECUTE AN AGREEMENT WITH LUEBBERT ENGINEERING OF JEFFERSON CITY, MISSOURI TO PROVIDE ENGINEERING SERVICES RELATED TO THE RECONSTRUCTION OF PORTIONS OF SWITZLER STREET AND JEFFERSON STREET.” Alderman Simmons moved that it be placed on its first reading by title only. Before the bill was introduced copies of the bill were made available for public inspection. Motion was seconded by Alderman Wilkins and motion carried unanimously. The bill was then read by title only. Alderman Simmons moved the bill be placed on its second reading. Motion was seconded by Alderman Bormann and motion carried unanimously. The bill was then read the second time by title only. The Mayor then called for discussion on the bill and after some discussion Alderman Simmons moved the final passage of the bill. Alderman Wilkins seconded the motion. The Mayor called for a roll call vote and the ordinance passed with the following vote. Aldermen voting FOR: Angell, Bormann, Simmons, and Wilkins. Voting AGAINST: Magley and Sanders. The Mayor declared the bill passed and thereupon signed the same as passed. The bill was approved by the Mayor and signed by the Mayor as approved and was returned to the City Clerk who attested to the signature of the Mayor, affixed the city seal and the Ordinance was designated as Ordinance 2689.

ORDINANCE: Authorizing Contract with Surveyor Mark Robertson, PLS for Services Relating to Surveying in the City of Centralia Cemetery

Alderman Bormann presented a bill marked and designated as bill no. 2620 to create an ordinance entitled “AN ORDINANCE AUTHORIZING AND DIRECTING THE MAYOR AND CITY CLERK OF THE CITY OF CENTRALIA, MISSOURI, TO EXECUTE AN AGREEMENT WITH MARK W. ROBERTSON, PLS OF CENTRALIA, MISSOURI TO PROVIDE SURVEYING SERVICES RELATED TO THE LAYOUT OF A PORTION OF THE CITY OF CENTRALIA CEMETERY.” Alderman Bormann moved that it be placed on its first reading by title only. Before the bill was introduced copies of the bill were made available for public inspection. Motion was seconded by Alderman Simmons and motion carried unanimously. The bill was then read by title only. Alderman Bormann moved the bill be placed on its second reading. Motion was seconded by Alderman Wilkins and motion carried unanimously. The bill was then read the second time by title only. The Mayor then called for discussion on the bill and after some discussion Alderman Bormann moved the final passage of the bill. Alderman Simmons seconded the motion. The Mayor called for a roll call vote and the ordinance passed with the following vote. Aldermen voting FOR: Angell, Bormann, Magley, Sanders, Simmons, and Wilkins. Voting AGAINST: None. The Mayor declared the bill passed and thereupon signed the same as passed. The bill was approved by the Mayor and signed by the Mayor as approved and was returned to the City Clerk who attested to the signature of the Mayor, affixed the city seal and the Ordinance was designated as Ordinance 2690.

Transformers

Electric Dept. Foreman Mark Mustain presented the following bids for 3 transformers – 2 for replacing stock and 1 for the new location of Forrest Chevrolet.

ITEM	QTY.	Solomon Corp		T&R Electric		Fletcher/Reinhardt		HD Supply	
		Each	Extend	Each	Extend	Each	Extend	Each	Extend
150 kVa 120/208Y	2	\$6050	\$12100	\$5403	\$10806	\$5666	\$11332	\$7457	\$14914
500 kVa 120/208Y	1		\$10950		\$12085		\$10376		\$12030
Est. Deliver		Soloman, KS 36 months 4-5 weeks ARO Rebuilt Unit		Colman, SD 36 months 12-14 weeks ARO Rebuilt Unit		Bridgeton, MO 12 months 8-10 weeks ARO New Unit		Mattoon, IL 12 months 6-8 weeks ARO New Unit	
	Total		\$23050		\$22891		\$21708		\$26944

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Mustain recommended the low bid from Fletcher/Reinhardt, and Dennis Haubein confirmed that the 8-10 week delivery will be sufficient and will not delay construction of Forrest Chevrolet. The 12 month warranties are from date of installation, not to exceed 18 months from delivery. The 36 month warranties are from date of delivery.

Alderman Simmons made a motion to accept the bid from Fletcher/Reinhardt for 3 transformers in the amount of \$21708.00 Alderman Wilkins seconded the motion. On a call by the Mayor for ayes and nays, the motion passed unanimously.

Milling Machine

Behrns noted that at the request of the Board of Alderman, Street Dept Foreman Phil Hoffman had done some investigation to find a milling head to fit on the bobcat. The company will deliver at the price listed below. The 40' would be the recommended size. It is more expensive, but would be better to go with wider head. The work that had been immediately discussed in front of MFA is not enough to justify the cost of renting the machine, so Hoffman is looking at other places that could use the milling machine to get one day of use out of it.

There was some discussion regarding putting a sealant over the top of the road if it were to be milled, and the cost to overlay the road. The price difference in doing an overlay on that portion of Jefferson Street was very close to the cost of milling the same portion of the street.

Alderman Bormann made a motion to do an overlay on Jefferson Street in front of MFA. Alderman Simmons seconded the motion. On a call by the Mayor for ayes and nays, the motion passed with the following vote FOR: Angell, Simmons, Wilkins. AGAINST: Magley and Sanders.

Culvert Pipe

Behrns noted that the Board had previously discussed pipe needed between 2 lagoons. The bids listed below include a bid for coated metal pipe or plastic pipe. Metal pipe has a warranty for 100 years. The City would have to rent a track-hoe to do the work, as they need to dig deeper than back hoe can do. Staff recommendation was to purchase the metal pipe

Metal Culverts Inc.	220' of coated metal pipe	\$16,028.40
Water and Sewer	220' of ADS plastic pipe	\$15,620.00
	*the plastic pipe will have to be backfilled with rock for an added expense of \$3000-\$4000 for such a large trench.	
Trackhoe rental		
	Crown Power and Equipment – does not have one large enough	
	Tri-State	\$3000/week includes hauling charges

There was some discussion regarding renting a track-hoe or having someone come in to do the work for the City. Alderman Simmons made a motion to purchase the metal culvert pipe from Metal Culverts, Inc. in the amount of \$16,028.40. Alderman Wilkins seconded the motion. On a call by the Mayor for ayes and nays, the motion passed unanimously.

OLD BUSINESS:

NEW BUSINESS:

Mayor:

Appointments:

Aldermen:

Alderman Magley questioned when the sidewalk on Howard Burton would be weed-eaten. Behrns thought that the Park crew should have started it, but he will look into it tomorrow.

City Administrator:

Drive Widening at Old Prengers

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Behrns stated that there is interest in opening up the convenience store at the old Prengers Apple Market location in a couple of months, and Prenger would like to enhance the way the lot is laid out by widening the entrance on the west 18', and this change will not effect any trees or drainage. The request that had been presented to him was that if the owners provide the labor, would the City provide the materials. There was some discussion about this request, and the Board decided that they were not opposed to the modification, but the City would not pay for the work to be done.

Disposition of 105 N. Allen

Previously the Board had determined to sell the property when the work was done to 105 N Allen. When the work was complete, the City would negotiate with adjacent property owners instead of going out for bid. One of the owners of the adjacent property is now an alderman, which poses a conflict of interest. There has been interest expressed from the other adjacent property owner, however negotiation with one party is not really negotiation. There was some discussion regarding the cost to tear down the building incurred by the City, and whether the City should advertise the property in the local paper. It was decided to advertise the sale of the property in the newspaper.

City Attorney:

City Clerk

As May Arise:

Mayor Grenke read a letter of thanks from Debra Sullivan regarding parking solutions in the alley behind her home during Anchor Festival.

Closed Session

Alderman Simmons moved the Board of Aldermen of the City of Centralia, Missouri hold a closed meeting and a closed vote, and the specific reason for closing the meeting and having a closed vote was: legal actions, causes of action or litigation involving a public governmental body and any confidential or privileged communications between a public governmental body or its representatives and its attorneys, as provided for under Section 610.021(1) of the Revised Statutes of Missouri. Alderman Simmons asked that this motion be adopted by roll call vote. The motion was seconded by Alderman Wilkins.

The mayor requested a roll call vote and the motion passed with the following votes: FOR: Aldermen Angell, Bormann, Magley, Sanders, Simmons and Wilkins. AGAINST: None. The board went into closed session at 8:20 p.m.

Return to Open Session

There being no further business to discuss, Alderman Simmons made the motion to return to open session. Alderman Wilkins seconded the motion. The mayor requested a roll call vote and the motion passed with the following votes: FOR: Aldermen Angell, Bormann, Magley, Sanders, Simmons and Wilkins. AGAINST: None.

The board returned to open session at 9:03 p.m.

There being no further business to discuss, Alderman Simmons made the motion to adjourn the meeting. Alderman Wilkins seconded the motion. On a call by the Mayor for ayes and nays the motion carried unanimously.

Meeting adjourned at 9:05 p.m.



Heather Lockett, City Clerk

Mayor Grenke called the regular meeting to order at 7:01 p.m.

Roll Call: Aldermen David Wilkins, Landon Magley, Farris Sanders and Catherine Simmons answered roll call.

Absent: Alderman Jon Angell and Don Bormann

Also present were City Administrator Lynn P. Behrns, City Attorney Merritt Beck, Police Sergeant Robert Bias, Fire Chief Denny Rusch, Brian Stone and James Smith with the Centralia Fireside Guard

Pledge of Allegiance:

Mayor Grenke led everyone in the pledge of allegiance.

Mayor:

Brian Stone introduced himself to the Board.

Appointments:

Upon recommendation of Police Chief Larry Dudgeon, Mayor Grenke requested approval of the appointment of Brian Stone to the position of part-time police officer with the Centralia Police Department effective July 10, 2012.

Alderman Simmons made a motion to approve the appointment of Brian Stone to the position of part-time police officer with the Centralia Police Department. Alderman Wilkins seconded the motion. On a call by the Mayor for ayes and nays the motion carried unanimously.

City Clerk Lockett administered the Oath of Office to Officer Brian Stone.

Alderman Bormann entered the meeting at 7:05 p.m.

Brian Stone left the meeting at 7:06 p.m.

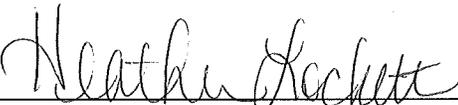
As May Arise:

Mayor Grenke briefly discussed that Monika Coureton will be replaced on the Board of Adjustment, and there was some discussion regarding the roles of the members of the Board of Adjustment.

Mayor Grenke also announced that there were two names given to him for interest in the vacancy left by Lorry Meyers on the Library Board. He would be talking with the Library Board President to get information on appointing Stacy Davenport or Glenda Roberts.

There being no further business to discuss, Alderman Wilkins made the motion to adjourn the meeting. Alderman Simmons seconded the motion. On a call by the Mayor for ayes and nays the motion carried unanimously.

Meeting adjourned at 7:07 p.m.



Heather Lockett, City Clerk

Minutes of the Public Works and Public Utilities Committee for Monday, July 2, 2012.

The meeting was called to order by Alderman Bormann at about 7:25 p.m. Present were Mayor Grenke, Aldermen Simmons, Sanders, and Magley. Also attending were Lynn Behrns, Phil Hoffman, Mark Mustain, Darryl Spauldin, Richard Hatfield, Don Bobbitt, James Smith, and others.

Those present recited the Pledge of Allegiance to the Flag.

Comments for Citizens

Bobbitt inquired whether a house on Sneed Street had been issued a contract for a demolition incentive. Behrns said it had and preliminary work had also been done on the demolition permit application. He gave a review of other projects with incentive contracts and explained that demolition had to be complete and the land cleaned and leveled before the incentive was paid. Behrns said that the contract did not set a fixed deadline for the demolition. Bobbitt said that, given the limited number of contracts, there should be a fixed time specified for fulfillment, and that it should be short. Behrns will consult with the City Attorney about possible contract revisions.

Spauldin noted that a party to the incentive contract had to pay income taxes on the \$1,500.00.

Water and Sewer Department

Committee reviewed the activity report and future work schedule for the Water and Sewer Department.

Hoffman said that Lee Ed England had looked at the sewer lagoon culvert replacement project and decided that he did not want to undertake the work. After discussion, Committee had no objections to renting a large trackhoe from Tri-State Construction Equipment at a cost of \$3,200 per week.

Forsee presented a bid tabulation for a variety of parts and materials for the water distribution system. Low bid came from Water and Sewer Supply at \$5,240.70. This purchase will be on the regular Board agenda for approval.

Forsee told the Committee that they had to manually read or replace 18 water meters in June. This was about average.

Forsee reported of a recent inspection of the sanitary sewer treatment operations by a representative of DNR. It seems to have gone well, but he and Behrns will be expected to respond to questions and comments in a future inspection report.

Electric Department

Committee reviewed the activity report and future work schedule for the Electric Department.

Mustain told the Committee that Asplundh had done some tree work, but was working slowly. The City's first priority was line clearance in mid-block easements. Most work on street-side trees is being reserved for the Electric crew, unless there was some sort of immediate hazard.

Mustain reported that he was researching the cost of replacing control cards for the City's six radio-activated emergency warning sirens. He is expecting a full bid soon to present to the board. The work is necessary because of new Federal requirements for a change to narrow-band radio use. The final quote may be close to \$11,000. Because of the large demand, installation may be 8-12 weeks after

placing the order. No change is necessary in the City's radio licenses.

The Electric crew has been trenching and drilling holes through building foundations in preparation for installation of wiring for the water system SCADA system, which is almost ready.

Water mains and electric lines are now installed for service west of Highway 124 for the new Forrest Chevrolet site. They should be ready to drive over after tomorrow.

Streets and Sanitation

Committee reviewed the activity report and future work schedule for the Street and Sanitation Departments.

Committee addressed the issue of dust control on S. Columbia. Mr. Harris was recovering from health issues and not able to attend. Aldermen discussed the possibility of paving the 720 feet of street now and recovering costs has the Southwest Country Estates Subdivision was built out. Behrns acknowledged that there was no guarantee that Plat 3 and any other future plats would be presented soon. If bid by the City according to the approved plans, the cost might be as high as \$90,000 because of prevailing wage rate requirements. The developers do not want to pay for the extra expense and would want to examine a proposed contract revision

Bormann said he favored trying to pave instead of chemical dust control, which would be at least an annual recurring cost and more expensive for this first year. Hatfield asked for paving the road or closing it. He estimated that at least ten household have experience significant problems with the dust.

In the end, Sanders moved that the City pay for chemical dust control as soon as possible and that Behrns work with the City Attorney on drafting a contract that would facilitate an agreement for early paving. Magley seconded the motion. Voting in favor of the motion were Sanders, Magley, and Simmons. Voting against was Bormann. The motion carried and staff will arrange for the work to be done soon.

Behrns reported that Kevin Prenger had asked for a clear indication of the aldermen's opinion, should he want to take out a grassy strip of land that separates the parking lot at the old Prengers store from the parking lot in the middle of city property originally dedicated for Bradford Street right-of-way. The area would be used to add parking for the new Prenger's convenience store. Behrns mis-described the strip as triangular and underestimated the number of spaces which could be available. However, Bormann was concerned that the new spaces might be restricted to Prenger's customers. He asked if there could be assurances that the spaces would be also available for use for middle school events, since the land was public property. Committee was generally favorable, but told Behrns that they would want to see a specific plans and receive assurances for public access before approval.

Behrns reported that bids on the sale of scrap metal and on asphalt overlays of several streets would be opened next week. Both items will be on the regular Board agenda.

As May Arise

Spauldin told the committee that staff was not properly taking proper safety measures in the coming replacement of culverts at the northeast sewer lagoons. He said that the City had to comply with OSHA regulations. Bormann and Grenke said that was not true—OSHA did not apply to Cities. They said that, in any case, the City would be doing the work safely. Spauldin tried to argue the point, but Committee closed discussion.

The Committee adjourned at about 7:55 p.m.
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Minutes of the General Government and Public Safety Committee meeting of Monday, July 9, 2012.

The meeting was called to order by Alderman Wilkins at about 7:10 p.m. Present were Mayor Aldermen Simmons, Magley, Sanders, and Bormann. Alderman Angell arrived about five minutes into the meeting. Also attending were Lynn Behrns, Police Sergeant Bias, Fire Chief Denny Rusch, and James Smith.

Fire Department

Rusch presented a report of Fire Department activities in June. He said that he believed that the July 4th fireworks display had gone well and that the fireworks were of improved quality. He said his department appreciated that members and vehicles from the local Boone County Fire Protection District station were on hand as a safety precaution due to the extended heat and drought. Joint emergency medical training continues at least once per month with District firemen.

Rusch told the Committee that the replacement fire truck was in Springfield and that it need only minor cleaning and repairs. He believes that he will be able to go pick it up and deliver the trade-in on Monday or Tuesday of next week.

Rusch also indicated that he wished to talk to the vendor supplying dust control for Columbia Street, so that he could get dust control for the La Crosse Lumber operations.

Comments from Citizens

None.

City Prosecutor

No report.

Emergency Management

No report.

Police Department

Bias presented the report of June activities and calls for the Police Department. The Committee had no substantive questions.

Behrns distributed a draft ordinance to amend speed limit regulations for Highway 22. The ordinance presented affects only the first of 18 sections setting speed limits throughout the City. These amendments add a speed limit of 60 mph for the west length of Highway 22 to the new city limits. The remaining sections are each still the existing speeds. At MoDOT's request, the text measures zones by distances from fixed landmarks, such as streets. References to the east or west city limit is eliminated. The speed zones for the entire length of Highway 22 have been studied by MoDOT, and they recommend no other changes. Behrns told Sanders that MoDOT had specifically looked at the new entrance for Forrest Chevrolet, and commence the 40 mph zone to the west of that entrance at about where the old city limits sign was posted. That sign will be relocated westward.

Behrns noted that other parts of the same section of City Code also had designations of "city limits" on Highways 124, 151, CC, and Z. Committee told him he could change those section to show alternative measurements. He can also fix a technical error concerning the speed limits for South Columbia



Street. Sections 16 and 18 are in conflict and will be corrected to have only a 25 mph speed zone from Gano Chance Drive to Country Club Drive in both directions. This may also help with the dust problem on that street.

Protective Inspection

Behrns presented an engineering report concerning a steel cross beam at the former 105 N. Allen Street property. The report was supposed to be in the committee packet, but members could not find it. Behrns will have it sent out again. The report says that the beam can be left in place or removed without affect on the adjoining buildings. If it is used to hang signs or other attachments, the report says that additional study on horizontal wind loads should be sought. Behrns said that he has received only one letter of interest in purchasing the property.

Behrns reported that one residence cited as a dangerous structure was down and cleaned up. Another had been leveled but not yet cleaned up. Various types of repairs had been done on four other properties give notices. Simmons and Grenke asked about contact with the owner of DD Seeds about loose brick. Behrns said that had not yet been done.

Behrns said that Bormann, Angell, and he had met with Paulus Lawson and neighbors Lynn and Rackers. The conversation had seemed to yield an agreement among the parties concerning what grass would be mowed, and when, and by whom, and also where trees would be planted in the future. This probably resolves the dispute for the year. Behrns will take no future action so long as the parties continue to cooperate.

Sanders inquired and made suggestions about other properties that might need notices. A few of them had already received attention, but not yet qualified as dangerous structures or other nuisance violations.

Committee engaged in an extended discussion about the state of the Narraganset Building. Some aldermen asked if the City should make a greater effort to speed demolition or repair. Simmons was particularly concerned about the leaning wall along the alley to the south. Angell asked for careful consideration of cost to the City if the owner were not able to take corrective measures and the City had to bear the expense. Even though there were no adjoining buildings, there would be tens of thousands of dollars of demolition waste, asbestos inspections, plus the issue of disposition of equipment stored in the building, but owned by customers. Committee was of a mind to put more pressure on the owner. Behrns will draft a letter describing their heightened concern and bring it for their review.

Economic Development

Ginny Zoellers will be attending the regular Board meeting. An agenda for tomorrow's meeting was included, along with supporting documents.

The Enhanced Enterprise Zone Board will meet on Tuesday evening to further consider recommendations on eligible business codes and amounts of property tax abatements for qualifying applications.

Bormann said that he was going to the Missouri Municipal League's meeting on July 26th, to help formulate their policies on economic development legislation and programs.



Behrns told Sanders that he had contacted the MML about policies on recording board or council meetings. The response was that they had no formal policy, although various city attorneys had often recommended against it. Behrns said that he still favored video recordings over audio. He has not yet contacted the school district or the City of Mexico to observe their taping procedures. Wilkins said that he would soon be meeting with the Fulton IT official for lunch and would discuss that topic.

Park Department

The Park Board will meeting next week and minutes from the June meeting were in the committee agenda packet.

Sanders asked staff to inquire why several of the park restrooms had been locked during the July 4th fireworks display. Behrns said he would check with Tad Dunn.

Cemetery Advisory Committee

No written report. Phyllis told Behrns that the raising and removal of the Avenue of Flags went smoothly.

Tree Board

No report.

Library Board

No formal report was made, but minutes and an agenda for the next meeting were presented in the Committee packet.

Finance

Financial statements for June have been prepared, but the report formats using the new financial accounting software was not yet satisfactory. Behrns said that they lacked subtotals and some of the labeling was incorrect. Behrns hoped to have operating statements and balance sheets in user-friendly condition in a day or two. The treasurer and clerk have checked and believe the year end rollover and importation of past year's results are correct.

Bills over \$1,250

Committee received a preliminary list of bills over \$1,250. Aldermen question payments for furniture and were told that this was a bill for purchases authorized a couple of months ago. Behrns also told Committee that the dump truck purchase on the list was for the truck expected in April that only arrived late last week. Behrns will designate the older dump truck No. 11 as surplus and take it to the auction.

Other General Government

The audit report is still being tweaked, so it is not yet ready for release. Behrns should get electronic copies in a day or so and distribute them for Board review. The auditor will make a formal presentation at the regular Board meeting next week.

Behrns has received preliminary property tax assessment totals from the County, although not yet the amount allowed for "new construction". Personal property values diminished slightly compared to last year, but total valuations were up. Preliminary calculations indicate that the City can keep its levy rates the same as for the previous year. The same should be true for the Library District. Actual tax revenues would be up by about two or three thousand dollars. Behrns will prepare the advertisement for the tax hearings at the August Board meeting just soon as he gets the final data.

As May Arise

Sanders relayed a citizen request for adding bike lanes on North Jefferson to the McDonalds. Behrns will examine feasibility, but noted that the existing street is narrow.

Sanders relayed complaints about the height of the sidewalk at the alley next to the US Bank drive-through. Behrns said that the fit was the probably the best that we could accomplish and still meet ADA standards for 2% maximum cross slope and 5% maximum along the sidewalk. .Staff will take another look.

Behrns mentioned activity by Boone County and other local governments on reorganizing the Joint Dispatch Center. They may be asking for a county-wide sales or property tax. This is be balanced by ending special taxes and payments for some of the agencies and also end the 911 tax for land-line phones. Centralia does not directly contribute to the Joint Dispatch, but its citizens do pay the 911 tax. Aldermen may be asked to support the new tax.

Magley has found a new vender who could furnish dust control for South Columbia Street without requiring a minimum load. He submitted an email with materials data sheets and a bid of 80 cents per running foot. Aldermen thought it wise to take the opportunity to save more than \$3,000. Sanders first moved to cancel the previous award and give it to the new bidder. Magley seconded the motion. Simmons questioned the safety of the material being used and asked if any municipal references could be contacted. Behrns had not be given time to answer those questions. The question was called and all members voted against the motion. Simmons made a new motion to ask only that the current award be canceled. Sanders seconded the motion. On roll-call vote, all members voted in favor and the motion carried. This item will be put on the next Board agenda.

The Committee then adjourned at about 8:45 p.m.

Meeting of City of Centralia, Missouri Enhanced Enterprise Zone Board of Directors for Tuesday, July 10, 2012.

The meeting was called to order at 5:30 p.m. by Chairman Elsbury. Also present were Directors Lorry Myers, Don Copenhaver, Pat Lensmeyer, Harvey Million, and Glen Brown. Also present were Lynn Behrns, Barry Stephens, Mayor Tim Grenke, and James Smith

Elsbury moved to approve the minutes of the previous meeting. Copenhaver seconded the motion. On roll call vote, all members present voted aye. The motion was passed.

Elsbury reported that he had taken a list of NAICS codes to John Blevins at Hubbell Co. Blevins marked all of the codes which might relate to Hubbell's current or prospective operations, so that the Centralia EEZ Board did not inadvertently foreclose use of the EEZ process to its most likely user. Elsbury has compared the Hubbell list to the eligibility list proposed by a committee of CREDI members. None of the codes which the CREDI members wished to exclude were among those which Hubbell specifically wanted to include.

Behrns said that he had not checked with the Missouri Department of Economic Development to learn if hotels and motels were eligible for the program. Lensmeyer said that she did not believe they were.

Myers said she was still concerned with the effects some new companies could have on the local schools. Jed Angell was supposed to look into this but was not present to report. Grenke said that he had spoken with the mayor of California, Missouri. That mayor said that Cargill had not created an adverse impact on their schools (although the large company facility had not received an EEZ incentive. California does not yet have an EEZ).

Lensmeyer reported on progress in the Columbia EEZ process. It is not yet near completion. Columbia has been discussing whether to have higher requirements for extra employees or investment to qualify for incentives. She distributed a memorandum from Columbia City Attorney Fred Boeckmann. Columbia could, for instance, require at least 15 jobs be created. Board members thought that was not the direction which Centralia should go. Lensmeyer handed out copies of her proposal for restrictions on tax abatement. These would protect local taxing entities from losing a portion of penalties and interest due when property taxes are paid late. This would also give participating companies greater reason for paying taxes on time. Members said that this would speak well toward showing accountability to the public. Lensmeyer said she had learned that, while there were more than 118 EEZs across the state, far fewer have actually had companies apply for the incentives.

The Board discussed at length the prospect of giving higher abatements to firms which hire larger work forces, have higher average payroll, or invest more in new assets. Behrns said that he had asked DED about use of clawbacks and inverted, tiered incentives—as suggested at the last meeting by Angell. Neither has been adopted by any other EEZ. State tax credits are issued only after the fact, so default is not possible. While our EEZ would like to focus on companies in the area of 15 to 25 new employees and not large companies, no one could think of a way to give them extra incentives that could not also be accessed by large firms. Behrns noted that

larger companies find location based on available work force; so very large applicants are less likely here. Lensmeyer asked the Board to not make the incentive package too complicated, since the county would have to implement it; and tracking based on different abatement levels would be very difficult. She particularly did not want to face incentive tiers that are variable from year to year (as companies grow).

Committee discussed whether standards can be changed in future years. Lensmeyer thought it possible, but cumbersome. Elsbury and Myers suggested different abatement levels for different business codes. Behrns counseled on making the EEZ's implementation quickly, but as polished as possible. Lensmeyer repeated the goal of simplifying the process as much as possible for clear implementation.

Lensmeyer checked the state enabling statute to find a section which set a requirement for the wages of the new jobs to be at least 75% of the county medium- which is high for Boone County.

Ultimately, Board members took Lensmeyer's concerns to heart and fixed on a process with few complications.

Million moved to recommend to the Centralia Board of Aldermen that they accept the list of eligible NAICS codes developed by the CREDI committee, subject to the restrictions of the state statutes and to the inclusion of several codes added back by the EEZ Board at the last meeting. Copenhaver seconded the motion. All members of the Board voted in favor of the motion; there were no abstentions or votes against. The motion carried.

The EEZ Board examined what level of abatements would be acceptable and whether to have requirements greater than the state minimum of two jobs and \$100,000 in new investment. Board members agreed that Centralia would be best served by abatements higher than the minimum, and they also wanted to target startups and expansion of local companies. This seemed more realistic than chasing smokestacks. Eventually, they reached a consensus on a 70% abatement.

Million moved that the EEZ Board recommend to the Centralia Board of Aldermen that they adopt Lensmeyer's suggested provisions about full payment on any interest or penalties due from participating companies. Elsbury seconded the motion. All members of the Board voted in favor of the motion; there were no abstentions or votes against. The motion carried.

Copenhaver moved that the EEZ Board recommend to the Centralia Board of Aldermen that they adopt an abatement level of 70% for all applications. Elsbury seconded the motion. All members of the Board voted in favor of the motion; there were no votes against or abstentions. The motion carried.

Behrns said that he would use the EEZ Board's recommendations and work with the City Attorney to prepare a draft ordinance for consideration by the Board of Aldermen. He will send the draft to Board members and to Carol Shoemaker at DED. The draft, with any corrections, will be presented to the Aldermen. To speed the process, Behrns will ask that they have a

recessed meeting prior to one of their committee meetings on the first or second Monday of August. Lensmeyer reminded the EEZ Board that the same language will have to be approved by the County Commission, which will require two readings at separate meetings.

The City ordinance and County resolution will be included in an application to DED so that we qualify for their tax credit opportunities. Behrns will present that application to the Centralia EEZ Board for their concurrence before the submittal. Review of that application will take about three months. With no road blocks, we should be able to look at individual company proposals by Christmas.

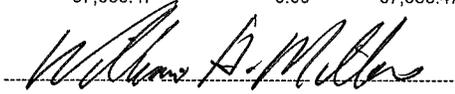
Elsbury will call for the next meeting when our application to DED is ready, probably in four or five weeks.

Million moved and Copenhaver seconded that the meeting adjourn. All directors voted aye.

Meeting adjourned at about 6:45 p.m.

CITY OF CENTRALIA, MISSOURI
 TREASURER'S REPORT
 CASH - CHECKING ACCOUNTS
 FOR THE MONTH OF JUNE, 2012

	BEGINNING BALANCE	RECEIPTS	DISBURSEMENTS	ENDING BALANCE	INVESTMENTS	TOTAL
GENERAL FUND	432,281.50	83,519.40	170,517.62	345,283.28	200,000.00	545,283.28
POOL	(4,600.82)	43,738.74	28,086.08	11,051.84		11,051.84
PARK	71,910.72	8,165.20	22,392.05	57,683.87	0.00	57,683.87
RECREATON CENTER	140,103.63	24,816.40	7,656.83	157,263.20	0.00	157,263.20
LIBRARY	0.00	10,673.71	10,673.71	0.00	0.00	0.00
LIBRARY DEBT SERVICE	0.00	229.61	229.61	0.00	33,743.54	33,743.54
CEMETERY	221,863.92	3,310.83	4,924.46	220,250.29	200,000.00	420,250.29
AVENUE OF FLAGS	9,771.92	470.55	1,671.26	8,571.21	0.00	8,571.21
TRAN. SALES TAX REVENUE	30,859.53	23,826.10	0.00	54,685.63	0.00	54,685.63
PARK SALES TAX	63,052.45	23,842.90	0.00	86,895.35	0.00	86,895.35
WATER-OPERATING	240,699.82	48,459.98	39,952.53	249,207.27	0.00	249,207.27
WATER-SECURITY DEPOSIT	14,343.00	1,000.41	820.00	14,523.41	0.00	14,523.41
SANITATION (LANDFILL)	141,081.56	34,738.12	31,484.34	144,335.34	0.00	144,335.34
SEWER	22,726.18	26,769.11	10,207.77	39,287.52	0.00	39,287.52
ELECTRIC-OPERATING	446,819.42	216,845.57	214,638.31	449,026.68	600,000.00	1,049,026.68
ELECT.-SECURITY DEPOSIT	34,677.13	2,197.87	2,225.00	34,650.00	0.00	34,650.00
CAPITAL PROJECTS	40,960.44	206.33	40,535.00	631.77	0.00	631.77
INTERNAL SERVICE:						
PERSONNEL	43,203.10		(7,365.51)	50,568.61		50,568.61
FINANCIAL	0.00		0.00	0.00		0.00
EQUIPMENT USE	267,510.60		(13,232.29)	280,742.89		280,742.89
TOTAL	2,217,264.10	552,810.83	565,416.77	2,204,658.16	1,033,743.54	3,238,401.70
A. B. Chance Memorial	175,775.22	0.00	173,317.54	2,457.68	265,698.15	268,155.83
PARK LEASE/PURCHASE	162,123.03	0.00	0.00	162,123.03	0.00	162,123.03
MAMU 08 Electric Substation						
COP Project Fund	0.00	0.00	0.00	0.00	0.00	0.00
COP Int. Reserve Acct.	37,663.47	0.00	0.00	37,663.47	0.00	37,663.47


 William H. Miller, Treasurer

CITY COLLECTOR'S REPORT

JUNE, 2012

Real Estate Tax Collections	\$1,360.80
Personal Property Tax Collections	\$2,109.90
Dog Tax	\$266.00
Cat Tax	\$40.00
Merchant's License	\$37.50
Penalties	\$445.94
Railroad/Utility Tax	
Financial Institution Tax	
Sur Tax	
Total	\$4,260.14

Deposited in the Following Funds

General Fund	\$2,285.31
Park Fund	\$869.59
Library Revenue Fund	\$875.63
Library Bond (Tsfr to Library Debt Service Ac	\$229.61
Total	\$4,260.14

Submitted by: Heather Lockett
Heather Lockett, City Collector
City Collector

City of Centralia Activity Reports

June 2012

Prepared By: Phyllis Brown

BUILDING ADMINISTRATION

PERMIT DATA	Jun-12	YTD 2012 - 2013
New Residential & Duplex	2	3
Residential Additions, Alterations, Repairs, Elec Upgrade	4	11
Residential Storage Buildings/Fences/Carport/Swimming Pools	2	7
New Commercial Buildings		1
Non Residential Additions, Alterations, Repairs, Elec Upgrade, New Sign		1
Courtesy Inspections - New Trailers/Gas Lines	1	3
Renewal		
New Institutional		
Institutional Additions, Alterations, Repairs		2
New Community Recreation Center		
Commerical Electrical Inspection		
Pole Barn		
Building Permit Summary		
Number of Permits Issued	9	28
Permit Valuation	\$85,650.00	\$1,013,480.00

WATER DEPARTMENT MANHOURS				
	06/03/12 - 06/17/12		YTD 2012 - 2013	
	Reg	OT	Reg	OT
<i>WATER METERS</i>				
1. Connect/Disconnect	46.00	1.00	135.50	5.00
2. Check/Repair Leaks	3.00	1.50	8.00	3.50
3. Reading (Check)	15.50	0.50	54.00	2.50
4. Repair/Test Meters	7.00	0.00	44.50	0.00
5. Meter Jar Work	1.50	0.00	10.50	0.00
6. Customer Service	22.00	5.00	69.00	11.50
7. Winter Preparation	0.00	0.00	0.00	0.00
8. Frozen Meters	0.00	0.00	0.00	0.00
9. Other Work	0.00	0.00	0.00	0.00
<i>SERVICE LINES</i>				
10. Check/Repair Leaks	53.00	4.00	92.50	4.00
11. Tap/Line/Meter Jar	0.00	0.00	0.00	0.00
12. Replace/Relocate	33.00	0.00	75.00	0.00
13. Other Work	0.00	0.00	6.00	0.00
<i>WATER MAINS</i>				
14. Check/Repair Leaks	12.00	0.00	16.00	0.00
15. Replace/Relocate	0.00	0.00	0.00	0.00
16. New Construction	122.50	0.50	124.50	0.50
17. Other Work	8.00	0.00	23.50	0.00
<i>WATER VALVES</i>				
18. Check/Repair Leaks	0.00	0.00	2.00	0.00
19. Adjust Valve Box	1.00	0.00	22.50	0.00
20. Valve Insert/Cut-ins	0.00	0.00	0.00	0.00
21. Other Work	0.00	0.00	2.00	0.00
<i>FIRE HYDRANTS</i>				
22. Check/Repair Leaks	3.00	2.00	4.00	4.00
23. Maintain (Flush/Paint)	3.00	0.00	37.50	0.00
24. Repair/Locate	18.00	0.00	18.00	0.00
25. New Construction	0.00	0.00	0.00	0.00
26. Other Work	0.00	0.00	0.00	0.00
<i>WATER TOWERS</i>				
27. NE Maintenance/Repair	0.00	0.00	9.50	3.00
28. NE Grounds	0.00	0.00	0.00	0.00
29. SW Maintenance/Repair	0.00	0.00	6.00	2.00
30. SW Grounds	0.00	0.00	0.00	0.00
31. Other Work	0.00	0.00	0.00	0.00
<i>WATER WELLS</i>				
32. #3 Maintenance/Repair	1.00	0.00	5.50	0.00
33. #3 Building/Grounds	0.00	0.00	2.00	0.00
34. #4 Maintenance/Repair	4.50	0.00	14.50	0.00
35. #4 Building/Grounds	0.00	0.00	0.00	0.00
36. #6 Maintenance/Repair	4.00	0.00	11.00	0.00
37. #6 Building/Grounds	0.00	0.00	5.00	0.00
38. Other Work	0.00	0.00	0.00	0.00

WATER DEPARTMENT MANHOURS				
	06/03/12 - 06/17/12		YTD 2012 - 2013	
	Reg	OT	Reg	OT
WATER PLANT				
39. Operation/Calculation	0.00	0.00	1.50	0.00
40. Testing	10.50	0.00	27.50	0.00
41. Records/Reports	14.00	0.00	52.50	2.00
42. Equipment/Maintenance/Repair	47.00	0.00	175.50	8.00
43. Sludge Removal	0.00	0.00	0.00	0.00
44. Building/Grounds	3.00	0.00	69.00	0.00
45. Other Work	0.00	0.00	0.00	0.00
SEWER MANHOLES				
46. Adjust Frame/Lid	0.00	0.00	4.00	2.00
47. Maintenance/Repair	0.00	0.00	26.50	2.00
48. Replace/Relocate	0.00	0.00	0.00	0.00
49. Other Work	0.00	0.00	0.00	0.00
SEWER LINES				
50. Flush/Auger	0.00	0.00	24.00	0.00
51. Maintenance/Repair	3.00	0.00	36.00	1.00
52. Replace/Relocate	0.00	0.00	0.00	0.00
53. Customer Service	4.00	0.00	16.50	0.00
54. Infiltration	0.00	0.00	39.50	0.00
55. Other Work	0.00	0.00	0.00	0.00
LIFT STATIONS				
56. M.C. Maintenance/Repair	17.00	0.00	43.00	0.00
57. M.C. Building/Grounds	1.00	0.00	14.50	0.00
58. F.R. Maintenance/Repair	5.00	0.00	31.00	0.50
59. F.R. Building/Grounds	1.00	0.00	2.00	0.00
60. Other Work	0.00	0.00	0.00	0.00
LAGOON (TREATMENT)				
61. NE Operation/Maintenance	0.00	0.00	5.00	0.50
62. NE Operation/Maintenance	0.00	0.00	4.50	0.00
63. NE Record/Report	4.50	0.00	20.00	0.00
64. NE Grounds	11.00	0.00	47.50	0.00
65. NW Operation/Maintenance	6.00	0.00	30.00	0.00
66. NW Sample/Test	0.00	0.00	5.00	0.50
67. NW Record/Report	2.00	6.00	9.50	6.00
68. NW Grounds	6.50	0.00	24.50	0.00
69. Ind. Pretreatment	4.00	0.00	9.00	0.00
70. Other Work	0.00	0.00	0.00	0.00
LAND APPLICATION				
71. NE Pump Station Operation/Maintenance	0.00	0.00	3.00	0.00
72. NE Pump Station Building	2.00	0.00	5.00	0.00
73. NW Pump Station Operation/Maintenance	1.00	0.00	1.00	0.00
74. NW Pump Station Building	3.00	0.00	4.00	0.00
75. Trans. Pipe Operation/Maintenance	4.00	0.00	6.00	0.00
76. T. Pipe Repace/Relocate	0.00	0.00	9.00	0.00
77. Ag. Lagoons Operation/Maintenance	17.00	0.00	58.00	0.00
78. Ag. Lagoons Sample/Test	0.00	0.00	0.00	0.00
79. Ag. Lagoons Pump Stations	15.00	0.00	17.00	0.00
80. Centr Pivot Operation/Maintenance	0.00	0.00	0.00	0.00
81. Other Work	0.00	0.00	0.00	0.00

WATER DEPARTMENT MANHOURS				
	06/03/12 - 06/17/12		YTD 2012 - 2013	
	Reg	OT	Reg	OT
ADMINISTRATION				
82. Water Plan/Schedule	1.00	0.00	4.00	0.00
83. Sewer Plan/Schedule	0.00	0.00	1.00	0.00
84. Water Purchasing	3.00	0.00	12.00	0.00
85. Sewer Purchasing	0.00	0.00	0.00	0.00
86. Water Supervision	0.00	0.00	0.00	0.00
87. Water Supervision	0.00	0.00	0.00	0.00
88. Water Meetings	3.00	4.00	7.00	6.00
89. Sewer Meetings	0.00	0.00	0.00	0.00
90. Water Inspection/Locate Utility	22.50	0.00	55.00	0.00
91. Sewer Inspection.Locate Utility	3.00	0.00	13.00	0.00
92. Water Maps/Records	0.00	0.00	0.00	0.00
93. Sewer Maps/Records	0.00	0.00	0.00	0.00
94. Water Inventory	4.00	0.00	6.00	0.00
95. Sewer Inventory	0.00	0.00	2.50	0.00
96. Water School/Training	0.00	0.00	16.50	1.50
97. Sewer School/Training	0.00	0.00	12.00	1.00
BUILDINGS AND GROUNDS				
101. City Hall	0.00	0.00	0.00	0.00
102. Water Plant Storage Building	0.00	0.00	5.50	0.00
EQUIPMENT VECHICLE MAINTENANCE				
106. Maintenance	6.00	0.00	8.00	0.00
ASSIST OTHRS				
Administration	0.00	0.00	0.00	0.00
Anchor Fest	0.00	0.00	0.00	0.00
Cemetery	4.00	0.00	4.00	0.00
Electric	0.00	0.00	0.00	0.00
Emergency Management	0.00	0.00	0.00	0.00
Fire	0.00	0.00	0.00	0.00
Library	0.00	0.00	0.00	0.00
Park/Pool	0.00	0.00	0.00	0.00
Police	0.00	0.00	0.00	0.00
Sanitation	0.00	0.00	8.00	0.00
Street	6.00	0.00	33.00	0.00
113. ON CALL PAY	6.00	7.50	12.00	28.50
TIME OFF				
114. Vacation	26.50	0.00	124.00	0.00
115. Sick Leave	0.50	0.00	11.50	0.00
116. Funeral Leave	0.00	0.00	0.00	0.00
117. Holiday	40.00	0.00	56.00	0.00
118. Comp. Time	0.00	0.00	0.00	0.00
TOTALS	665.00	32.00	2010.50	95.50

697.00

2106.00

WATER DEPARTMENT EQUIPMENT USE

NORTHEAST LAGOON PERFORMANCE	Jun-12	
1. Influent BOD (MG/L)		
2. Effluent BOD (MG/L)		
3. % BOD Removal		
4. Influent Suspended Solids (MG/L)		
5. Effluent Suspended Solids (MG/L)		
6. % Suspended Solids Removal		
7. Effluent Discharge to Creek		NO
8. Monthly Gallons Treated		24,395,000
9. Yearly Gallons Treated 2010 - 2011		62,772,000
10. Monthly Irrigation Water Pumped		0
11. Yearly Irrigation Water Pumped 2010 - 2011		0

May-12	
	NO
	25,724,000
	38,377,000
	0
	0

NORTHWEST LAGOON PERFORMANCE	Jun-12	
1. Influent BOD (MG/L)		
2. Effluent BOD (MG/L)		
3. % BOD Removal		
4. Influent Suspended Solids		
5. Effluent Suspended Solids		
6. % Suspended Solids Removal		
7. Effluent Discharge to Creek		NO
8. Monthly Gallons Treated		9,213,000
9. Yearly Gallons Treated 2010 - 2011		15,305,000
10. Monthly Irrigation Water Pumped		0
11. Yearly Irrigation Water Pumped 2010 - 2011		0

May-12	
	NO
	6,092,000
	6,092,000
	0
	0

STREET DEPARTMENT MANHOURS

	06/03/12 - 06/17/12		YTD 2012 - 2013	
	REG	OT	REG	OT
STREET MAINTENANCE				
1. Scarifying/Blade/Excavating	2.00	0.00	6.00	0.00
2. Add Aggregate	0.00	0.00	11.50	0.00
3. Shoulder Work	5.50	0.00	6.50	0.00
4. Patch (Mix, Haul)	31.50	0.00	116.00	0.00
5. Overlay (Mix, Haul)	0.00	0.00	0.00	0.00
6. Add Blotter Aggregate	0.00	0.00	2.00	0.00
7. Sweeping	15.00	4.00	34.00	9.50
8. New Construction	0.00	0.00	0.00	0.00
9. Other Work	91.50	10.00	121.00	10.00
ALLEY MAINTENANCE				
10. Scarify/Blade	0.00	0.00	0.00	0.00
11. Add Aggregate	0.00	0.00	1.00	0.00
12. New Construction	0.00	0.00	0.00	0.00
13. Other Work	0.00	0.00	0.00	0.00
CURBS AND GUTTERS				
14. Remove/Replace	0.00	0.00	15.00	0.00
15. Maintenance	0.00	0.00	0.00	0.00
16. New Construction	0.00	0.00	0.00	0.00
17. Other Work	0.00	0.00	0.00	0.00
CULVERTS				
18. Remove/Replace Existing	0.00	0.00	0.00	0.00
19. Maintenance	0.00	0.00	35.50	0.00
20. New Installation	0.00	0.00	10.50	0.00
21. Other Work	0.00	0.00	20.50	0.00
STORM SEWERS				
22. Inlet Maintenance	4.50	0.00	22.50	0.00
23. Line Maintenance	0.00	0.00	1.50	0.00
24. New Construction	0.00	0.00	83.00	3.80
25. Other Work	0.50	0.00	2.00	0.00
DITCHES				
26. Cleaning	1.00	0.00	5.50	0.00
27. Other Work	0.00	0.00	5.50	1.00
SIDEWALKS				
28. Remove/Replace Existing	2.50	1.30	52.50	1.38
29. Maintenance	0.00	0.00	0.00	0.00
30. New Construction	0.00	0.00	0.00	0.00
31. Other Work	0.00	0.00	0.00	0.00
PAVEMENT MARKINGS				
32. Crosswalks	0.00	0.00	9.00	0.50
33. Parking/Curbs	49.30	0.00	78.80	0.50
34. Center/Edgelines	0.00	0.00	0.00	0.00
35. Other Work	0.00	0.00	0.00	0.00

STREET DEPARTMENT MANHOURS

	06/03/12 - 06/17/12		YTD 2012 - 2013	
	REG	OT	REG	OT
<i>SIGNING</i>				
36. Remove/Replace Existing	5.50	0.00	11.00	0.00
37. Maintenance	0.00	0.00	4.00	0.00
38. New Installation	9.00	0.00	9.00	0.00
39. Other Work	2.00	0.00	6.50	0.00
<i>WEED CONTROL</i>				
40. Streets and Alleys	39.50	7.80	63.50	8.10
41. City Property	1.00	2.00	2.00	8.00
42. Weed Ordinance	0.00	0.00	0.00	0.00
43. Other Work	1.50	1.00	2.00	1.00
<i>BRUSH AND TREE CONTROL</i>				
44. Trimming/Removal	3.50	0.00	3.50	0.00
45. Pickup (Gen. Storm)	6.50	0.00	9.50	0.00
46. Other Work	1.00	0.00	1.00	0.00
<i>SNOW AND ICE REMOVAL</i>				
47. Plow/Blade (Haul)	0.00	0.00	0.00	0.00
48. Spread Material	0.00	0.00	0.00	0.00
49. Preparatory Work	0.00	0.00	0.00	0.00
50. Other Work	0.00	0.00	0.00	0.00
<i>PARKING LOTS</i>				
51. Maintenance	0.00	0.00	5.50	0.00
52. New Construction	0.00	0.00	0.00	0.00
53. Other Work	0.00	0.00	0.00	0.00
<i>ADMINISTRATION</i>				
54. Plan/Purchase	21.50	2.80	71.00	6.80
55. Supervision/Meetings	5.00	2.00	27.00	7.50
56. Customer Service	12.00	0.00	40.00	1.50
57. Data Collecting/Survey	1.00	0.00	1.00	0.00
<i>BUILDINGS AND GROUNDS</i>				
58. Own Department	1.50	0.00	7.00	2.00
59. City Hall	2.00	0.00	2.00	0.00
<i>ASSIST OTHERS</i>				
Administration	0.00	0.00	0.00	0.00
Anchor Fest	0.00	0.00	0.00	0.00
Electric	10.00	0.00	18.00	0.00
Emergency Management	0.00	0.00	0.00	0.00
Fire	0.00	0.00	0.00	0.00
Library	0.00	0.00	0.00	0.00
Park	0.50	0.00	0.50	0.00
Police	0.00	0.00	8.00	0.00
Water	0.00	0.00	6.50	0.00
101. Cemetery	35.00	18.80	73.80	41.30
Others-Emergency Management	0.00	0.00	0.00	0.00
Others-Protective Inspections	0.00	0.00	0.00	0.00

STREET DEPARTMENT MANHOURS

	06/03/12 - 06/17/12		YTD 2012 - 2013	
	REG	OT	REG	OT
<i>EQUIPMENT VEHICLE MAINTENANCE</i>				
93. Maintenance	16.00	1.00	39.50	2.00
<i>SANITATION</i>				
70. Daily Routes	311.00	6.50	925.50	14.80
71. Recycling Operations	76.00	0.00	234.00	0.50
72. Hazardous Material Operations	0.00	0.00	0.00	0.00
73. Special Collections	2.00	16.00	54.50	76.30
74. Other Work	15.50	0.00	37.50	0.00
<i>LANDFILL</i>				
75. Final/Grade/Shape	0.00	0.00	0.00	0.00
76. Brush/Clean Fill	0.00	0.50	5.00	1.30
77. Composting Operator	4.00	8.80	9.00	22.30
78. Sampling/Testing	0.00	0.00	0.00	0.00
79. Road/Drainage Work	0.00	0.00	2.50	1.00
80. Other Work	2.00	0.00	3.00	0.00
<i>CAPITAL PROJECTS</i>				
120. Capital Project	0.00	0.00	0.00	0.00
<i>113. ON CALL PAY</i>				
	0.00	0.00	0.00	0.00
<i>TIME OFF</i>				
114. Vacation	20.80	0.00	85.30	0.00
115. Sick Leave	4.00	0.00	43.50	0.00
116. Funeral Leave	0.00	0.00	0.00	0.00
117. Holiday	48.00	0.00	88.00	0.00
118. Comp. Time	0.00	0.00	0.00	0.00
119. Unpaid Time	0.00	0.00	0.00	0.00
<i>TOTALS</i>	860.60	82.50	2539.40	221.08

943.10

2760.48

STREET EQUIPMENT USE

	Jun-12	YEAR TO DATE 2011 - 2012
TRASH COLLECTED ON DAILY ROUTES (Pounds)	413,480	836,300

EQUIPMENT USE	Jun-12		TOTAL ON EQUIPMENT	
	MILEAGE	HOURS	MILEAGE	HOURS
#1 - 1989 John Deer 670B Motor Grader		3		2,893
#4 - 2002 Feightline Dump Truck	301		47,007	
#10 - 2008 1-Ton Chevrolet	485		19,717	
#11 - 1996 Ford Dump Truck	5		63,748	
#13 - 2004 Freightliner Sanitation Truck	300		75,294	
#14 - 2010 Freightliner Trash Truck	1,050		37,133	
#15 - 1990 Case Model 1550 Long Track Dozer		0		3,224
#18 - 2001 Dodge 2500 Pickup	241		65,561	
#20 - 1999 Case Loader 6T-590		55		6,607
#25 - 2010 Chevy Pickup Silverado	447		10,604	
#49 - 2000 Case Backhoe		21		2,799
#50 - 1997 Gilcrest Propaver		0		556
#76 - 2008 International Dump Truck	538		10,938	
#81 - 2009 John Deere Tractor w/Mower	48		1,099	
#85 - 1997 Ford Truck Street Sweeper		13		6,086

ELECTRIC DEPARTMENT MANHOURS				
	06/03/12 - 06/17/12		YTD 2012 - 2013	
	REG	OT	REG	OT
<i>POLE WORK</i>				
1. Inspection	0.00	0.00	3.00	0.00
2. Survey/Stake	0.00	0.00	0.00	0.00
3. Guys & Anchors	0.00	0.00	10.00	0.00
4. Grounding	0.00	0.00	0.00	0.00
5. Pole-CPL	84.00	0.00	180.00	0.80
6. Pole-GTE	0.00	0.00	0.00	0.00
7. Crossarms	0.00	0.00	0.00	0.00
8. Pole Accessories	0.00	0.00	0.00	0.00
<i>AERIAL PRIMARY SYSTEM</i>				
9. Primary Wire	0.00	0.00	29.00	6.00
10. Disconnects	0.00	0.00	8.00	0.00
11. Solid Cutouts	6.00	0.00	24.00	29.50
12. Fused Cutouts	0.00	0.00	1.00	0.00
13. Transformer Cutouts	0.00	0.00	0.00	0.00
14. Other Switches	0.00	0.00	0.00	0.00
15. Lighting Arrestors	0.00	0.00	0.00	0.00
16. Insulators	0.00	0.00	0.00	0.00
17. Capacitors	4.00	0.00	4.00	0.00
18. Monitor/Trouble Shooting	0.00	0.00	2.00	0.00
<i>AERIAL SECONDARY SYSTEM</i>				
19. Secondary Work	23.00	0.30	48.00	4.80
20. Transformers	0.00	0.00	13.00	30.00
21. Repair/Replace/Install Insulators	0.00	0.00	0.00	0.00
22. Service Drop	0.00	0.00	0.00	0.00
23. Connectors/Accessories	0.00	0.00	0.00	0.00
24. Switches	0.00	0.00	0.00	0.00
25. Monitor/Trouble Shooting	0.00	0.00	0.00	0.00
<i>UNDERGROUND</i>				
26. Survey/Stake	7.00	0.00	14.00	0.00
27. Transformers	0.00	0.00	1.00	0.00
28. Conduit/Casing/Wire	311.00	0.00	745.80	2.50
29. Monitor/Trouble Shooting	6.00	0.00	6.00	0.00
<i>IMPROVEMENTS</i>				
30. Primary Wire	0.00	0.00	0.00	0.00
31. Secondary Wire	0.00	0.00	0.00	0.00
32. Pole Line	0.00	0.00	0.00	0.00
33. Crossarms	0.00	0.00	0.00	0.00
34. Transformers	0.00	0.00	0.00	0.00
35. Cutouts	0.00	0.00	0.00	0.00

ELECTRIC DEPARTMENT MANHOURS				
	06/03/12 - 06/17/12		YTD 2012 - 2013	
	REG	OT	REG	OT
<i>CUSTOMER SERVICE</i>				
36. Read Meters	56.00	2.50	169.00	6.50
37. Replace Meters/Seals	0.00	0.00	0.00	0.00
38. Test Meters	0.00	0.00	1.00	0.00
39. Repair Meters	0.00	0.00	13.00	0.00
40. Monitor/Trouble Shoot	2.00	0.00	2.00	0.00
41. Customer Service	0.00	2.00	2.00	4.00
<i>TREE & BRUSH</i>				
42. Tree Trimming	11.00	0.00	71.00	6.00
43. Spraying	0.00	0.00	14.00	0.00
44. Hauling Brush	30.00	0.00	99.80	1.00
45. Inspection	4.00	0.00	15.00	0.00
46. Chip Brush	0.00	0.00	11.00	0.00
<i>STREET & YARD LIGHTS</i>				
47. Street Lights/Wire	43.00	0.00	102.80	2.00
48. Security Lights/Wire	3.00	0.00	12.00	0.00
49. Reset Circuits	0.00	0.00	0.00	0.00
50. Monitor/Trouble Shooting	0.00	0.00	0.00	0.00
51. Christmas Lights	0.00	0.00	0.00	0.00
<i>SUBSTATION OPERATION & MAINTENANCE</i>				
52. Read/Monitor/Inspection	0.00	0.00	0.00	0.00
53. Switch Gear Maintenance	0.00	0.00	0.00	0.00
54. Take Away Circuit Maintenance	0.00	0.00	16.00	0.00
55. Operate/Reset Breakers	0.00	0.00	0.00	0.00
56. Other Operation/Maintenance	0.00	0.00	0.00	0.00
<i>BUILDINGS & GROUNDS</i>				
57. Barn-Clean/Straighten	0.00	0.00	23.00	0.00
61. Carpentry	0.00	0.00	0.00	0.00
62. Painting	0.00	0.00	0.00	0.00
63. Plumbing	0.00	0.00	0.00	0.00
64. Electrical	0.00	0.00	16.00	0.30
65. Mechanical	0.00	0.00	0.00	0.00
66. Ground Work	2.00	0.00	19.00	0.00
<i>ADMINISTRATION</i>				
67. Planning	22.00	7.50	69.00	11.50
68. Purchasing	21.00	2.50	66.00	2.50
69. Scheduling	4.00	1.00	18.00	1.00
70. Maps & Records	1.00	0.00	1.00	0.00
71. Inventory-Stock	1.00	0.00	95.00	0.00
72. Inventory-Field	0.00	0.00	0.00	0.00
73. Training & Schooling	0.00	0.00	10.00	4.00
74. Inspection	0.00	0.00	0.00	0.00
75. Job Cost Estimates	0.00	0.00	0.00	0.00

ELECTRIC DEPARTMENT MANHOURS				
	06/03/12 - 06/17/12		YTD 2012 - 2013	
	REG	OT	REG	OT
<i>CAPITAL PROJECTS</i>				
Survey & Stake				
CPL Pole				
GTE Pole				
Frame/Deframe				
Guys & Anchors				
Cutouts				
Protective Equipment				
String Wire				
Transformers				
Conduit/Casing				
Other-Fiber Optic				
Other-Jefferson Street				
<i>120 ASSIST OTHERS</i>				
Administration	1.00	0.00	5.00	0.00
Anchor Fest	27.00	0.00	27.00	0.00
Cemetery	0.00	0.00	0.00	0.00
Emergency Managment	0.00	0.00	0.00	0.00
Fire	0.00	0.00	0.00	0.00
Library	0.00	0.00	0.00	0.00
Park/Pool	6.00	0.00	10.00	0.00
Police	0.00	0.00	0.00	0.00
Street/Sanitation	5.00	2.75	15.00	2.75
Water/Sewer	19.00	0.00	58.00	0.00
<i>MAINTENANCE EQUIPMENT</i>				
76. Trucks-Clean & Straighten	19.00	0.00	47.00	0.00
77. Trucks-Restock	3.00	0.00	9.00	0.00
78. Rubber Goods Maintenance	0.00	0.00	3.00	0.00
79. Small Tool Maintenance	3.00	0.00	17.00	0.00
80. Maintenance	1.00	0.00	47.00	0.50
<i>OTHER PUBLIC BUILDINGS & GROUNDS</i>				
Irrigation			0.00	0.00
Pump			0.00	0.00
Electrical (Specify Below)			0.00	0.00
113. ON CALL PAY	0.00	12.00	12.00	24.00

ELECTRIC DEPARTMENT MANHOURS				
	06/03/12 - 06/17/12		YTD 2012 - 2013	
	REG	OT	REG	OT
<i>CAPITAL PROJECTS</i>				
103. Water Plant Storage Building				
<i>TIME OFF</i>				
114. Vacation	26.00	0.00	130.50	0.00
115. Sick Leave	11.00	0.00	30.80	0.00
116. Funeral Leave	0.00	0.00	0.00	0.00
117. Holiday	40.00	0.00	64.00	0.00
118. Comp. Time	0.00	0.00	0.00	0.00
119. Unpaid Time	0.00	0.00	0.00	0.00
TOTALS	802.00	30.55	2409.70	139.65

832.55

2549.35

ELECTRIC EQUIPMENT USE

EQUIPMENT USE	Jun-12		TOTAL ON EQUIPMENT	
	MILEAGE	HOURS	MILEAGE	HOURS
#26 - 2003 International/Altec Digger Derrick(+822)		25.0		3,292.0
#27 - 2009 Ford F-550 w/Altec AT40M Aerial Lift Device		57.0		2,073.0
#29 - 2001 Ford Altec (+51 hr)		34.0		4,837.0
#32 - 2006 Chev Silverado Truck	505		36,015.0	
#34 - 2000 Chevrolet 1 T. Truck (+200 mi)	10		68,275.0	
#38 - 2010 Chevy Pickup 3/4-Ton w/Tool Bed	585		14,210.0	
#51 - 1992 Olate Feed Disc Chipper		1.0		2,556.0
#75 - 2008 Kubota Mini Ex		34.0		870.0
#83 - 2009 McElrath Vacuum Excavator		3.0		112.0
#84 - 2011 Bobcat A770		27.0		85.0

CENTRAL SERVICES MANHOURS				
TASK DESCRIPTION	06/03/12 - 06/17/12		YEAR TO DATE 2012 - 2013	
	REGULAR	OVERTIME	REGULAR	OVERTIME
1. Payroll	35.00	5.00	110.25	14.50
2. Purchasing	49.50	0.00	121.00	21.00
3. Cashiering/Collecting	268.25	26.50	864.25	76.25
4. Accounting	74.50	5.25	247.50	15.25
5. Clerical	95.75	5.25	291.75	19.25
6. Customer Service - Water	35.00	0.00	98.50	0.00
7. Customer Service - Sewer	0.00	0.00	0.00	0.00
8. Customer Service - Electric	35.00	0.00	98.50	0.00
9. Customer Service - Other	0.00	0.00	0.00	0.00
10. Investments	0.00	0.00	1.75	0.00
114. Vacation	4.50	0.00	4.50	0.00
115. Sick Leave	6.00	0.00	16.75	0.00
116. Funeral	0.00	0.00	0.00	0.00
117. Holiday	24.00	0.00	64.00	0.00
120. Court	17.25	0.75	50.50	3.75
Rec Center	2.75	0.00	8.00	0.00
Cemetery	28.50	16.00	66.25	21.00
TOTALS	676.00	58.75	2043.50	171.00

734.75

2214.50

ACCOUNTS PAYABLE OVER \$1250

JULY 16, 2012

Affinity OFC Furniture (Squad Room Work Stations)	\$ 4,230.00
Altec (Parts & Repairs Unit # 29)	\$ 5,066.49
Ameren Energy Marketing (Wholesale Electric)	\$ 145,308.57
Ameren Service -MC 1037 (Transmission charges)	\$ 19,175.93
Arkansas Electric (Triplex Wire)	\$ 1,250.00
Boone Electric Cooperative	\$ 2,436.54
Boone Quarries (Backfill Forrest Chevrolet)	\$ 1,328.23
Butler Supply (Elec Dept Supplies \$4200.63)	\$ 4,861.45
Charlie Stidham (House Demolition)	\$ 1,500.00
City of Columbia (landfill charges)	\$ 7,856.12
Cummins Mid South (Maintenance Agreement)	\$ 2,113.95
Dayne's Waste Disposal (105 N Allen Debris)	\$ 2,940.58
Forrest Chevrolet (Unit # 34 Parts & Repairs)	\$ 1,833.73
Hardesty Construction (Cemetery Mowing)	\$ 2,525.00
Inland Trk Parts & Service	\$ 2,709.55
Midwest Meter (Meter Registers \$537.60)	\$ 6,703.00
Navistar, Inc (2013 International Dump Truck)	\$ 88,680.00
Williams Keepers (Progress payment # 2)	\$ 10,900.00

TOTAL \$ 311,419.14

ADDED AFTER GGFC MEETING (2nd)

Armor Equipment (20 Poly Carts)	\$ 1,320.00
Herndon Welding (Lagoon Pump \$2700.00)	\$ 3,052.45
MFA Oil (fuel)	\$ 10,409.86
MISO (Monthly \$1016.09)(Transmissison Billing \$919.30+\$3102.78)	\$ 5,038.17
Ray George (Demolition 613 S Allen)	\$ 1,500.00
UMB Bank (MAMU)	\$ 12,708.05
TOTAL	\$ 34,028.53

ADDED TODAY

Asplundh (Tree Removal)	\$ 2,364.40
TOTAL	\$ 2,364.40

GRAND TOTAL \$ 347,812.07

COMMUNICATION TO THE BOARD OF ALDERMAN

CITY OF CENTRALIA

CENTRALIA, MISSOURI

MARCH 31, 2012



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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July 11, 2012

To the Honorable Mayor and
Board of Aldermen
City of Centralia
Centralia, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centralia (the City) for the year ended March 31, 2012, and have issued our report thereon dated July 11, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as the following information related the planned scope and timing of our audit. Professional standards also require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter dated July 19, 2010, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters during our preliminary audit meetings.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by the City are described in Note 1 of the financial statements. Except as noted below, no new accounting policies were adopted, and the application of existing policies were not changed during the year ended March 31, 2012. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

For the year ended March 31, 2012, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a governmental is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. As a result of the implementation, certain fund balances reflected in the special revenue funds were shown as restricted or committed on the fund financial statements. A portion of the General Fund's fund balance was reflected as restricted and assigned while the remaining portion was reflected as unassigned as there were no portions meeting the definitions of nonspendable or committed.

The Audit Standards Board issued three new audit standards related to supplemental information included in the financial statements effective for the 2012 audit. The most significant impact was additional wording in the engagement and management representation letters as well as revised wording in our opinion.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ from those expected. The most sensitive estimates affecting the financial statements were: the liability for landfill post-closure monitoring and maintenance costs, the allowance for doubtful accounts, estimated unbilled utility billings, and estimated depreciable lives for property, plant and equipment.

Management's estimate of the City's liability for landfill post-closure monitoring and maintenance costs, which represents an estimate of future costs to be incurred by the City, is based upon the Missouri Department of Natural Resources' estimate used in establishing a contract of obligation with the City. Management's estimate of allowance for doubtful accounts is based on historical revenues, historical loss levels, and analysis of collectibility of individual customer accounts. In addition, the estimated unbilled utility billings are based on a ratable allocation of the subsequent month's billing over the days included in the fiscal year. Finally, management's estimate of the useful lives of property, plant and equipment for depreciation purposes is based on previous experience, industry practices, and historical lives of related assets. We evaluated the key factors and assumptions used to develop such estimates in determining their reasonableness in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were capital assets, debt and commitments and contingencies.

Difficulties Encountered in Performing the Audit

We are pleased to report that we did not encounter any significant difficulties in dealing with City personnel in performing our audit. We feel we received full cooperation during our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Consistent with the terms of our engagement, we provided assistance in adjusting the City's general ledger to convert the City's books from its cash basis of accounting to the modified accrual basis for governmental funds and to the accrual basis for proprietary funds. In addition, we provided assistance in recording adjustments to convert the fund financial statements to the full accrual basis for the GASB 34 government-wide presentation. The City prepared draft entries for many of those adjustments. Those adjustments, in our judgment, indicate matters that could have a significant effect on the City's financial reporting process.

The adjustments we proposed were accepted by management and have been reflected in the audited financial statements.

In addition, the attached schedule summarizes uncorrected misstatements of the financial statements. The adjustments were not made because management has determined, and we have concurred, that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For the purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing that could be significant to the financial statements or our auditors' report. We are pleased to report that no such disagreements arose during our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 11, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We may discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as the City's auditors. However, any such discussions occurred in the normal course of our professional relationship and, to the best of our knowledge, our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

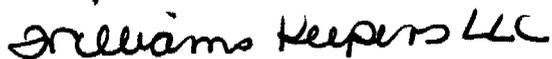
Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We wish to thank City personnel for their assistance during our audit. We will be pleased to discuss these or any other matters with you at your convenience.

This information is intended solely for the information and use of the Mayor, Board of Aldermen and the management of the City of Centralia and is not intended to be used and should not be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Williams Keepers LLC". The signature is written in a cursive, slightly slanted style.

WILLIAMS-KEEPERS LLC

CITY OF CENTRALIA
Passed Adjusting Journal Entries (PAJE)
March 31, 2012

PAJE No.	Account Description	Entry		Allocated by Fund			
		Debit	Credit	General Fund	GASB 34 Fund	Enterprise Funds	Internal Service Fund
1	Due from Other Funds (asset)	\$ 83,361	\$ -	\$ -	-	\$ -	\$ 83,361
	Prepaid Expenses (asset)	83,361	-	56,487	-	26,874	-
	Due to Other Funds (liability)	-	83,361	-	-	-	(83,361)
	Fund Balance - Beginning	-	41,538	(41,538)	-	-	-
	Retained Earnings - Beginning	-	19,873	-	-	(19,873)	-
	Employee Benefit Expense	-	21,950	(14,949)	-	(7,001)	-
<i>To change accrued health insurance and accrued workman's compensation to reflect Generally Accepted Accounting Principles.</i>							
2	Prepaid Insurance Expense (asset)	41,196	-	15,427	-	9,940	15,829
	Insurance Expense	(4,160)	-	(163)	-	(4,569)	572
	Fund Balance - Beginning	-	15,264	(15,264)	-	-	-
	Retained Earnings - Beginning	-	21,772	-	-	(5,371)	(16,401)
<i>To record prepaid insurance as of March 31, 2012.</i>							
3	Employee Benefit Expense	44,901	-	26,674	-	18,227	
	LAGERS NPO (liability)	-	44,901	(26,674)	-	(18,227)	
<i>To record the LAGERS net pension obligation as of March 31, 2012.</i>							
4	Construction in Progress (asset)	52,062	-	-	52,062	-	-
	Capital Outlay Expense	-	52,062	-	(52,062)	-	-
<i>To capitalize demolition costs as of March 31, 2012.</i>							
5	Retained Earnings - Beginning	3,880	-	-	-	-	3,880
	Employee Benefit Expense	-	3,880	-	-	-	(3,880)
<i>To reverse the prior year accrual of Federal, State, and FICA taxes for the last four days in fiscal year 2011 included in the first bi-weekly payroll period in fiscal year 2012.</i>							
6	Retained Earnings - Beginning	12,853	-	-	-	12,853	-
	Bad Debt Expense	-	12,853	-	-	(12,853)	-
<i>To reverse the prior year write-off of Electric Fund receivables considered to be uncollectible.</i>							
Totals		<u>\$ 317,454</u>	<u>\$ 317,454</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MANAGEMENT LETTER OF
CITY OF CENTRALIA, MISSOURI
MARCH 31, 2012**



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

2005 West Broadway, Suite 100, Columbia, MO 65203
OFFICE (573) 442-6171 FAX (573) 777-7800

3220 West Edgewood, Suite E, Jefferson City, MO 65109
OFFICE (573) 635-6196 FAX (573) 644-7240

www.williamskeepers.com

July 11, 2012

To the Honorable Mayor and
Board of Aldermen
City of Centralia
Centralia, Missouri

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Centralia (the City) for the year ended March 31, 2012, in accordance with U.S. generally accepted auditing standards, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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

Preparation of Financial Statements (material weakness)

Management is responsible for establishing and maintaining internal control, which includes internal control over the selection and application of accounting principles, adjustment of the underlying general ledger, and preparation of the annual financial statements in accordance with U.S. generally accepted accounting principles (GAAP). In our capacity as external auditors, we cannot also be considered to be part of an entity's system of internal control. As part of our engagement, we prepared the City's financial statements in accordance with GAAP. Those financial statements are submitted to management for review, comment and ultimately acceptance as management's representation.

The preparation of the financial statements in accordance with GAAP upon conclusion of the audit is consistent with our engagement agreement with the City and is a common practice by us and other auditing firms for clients who do not have personnel on staff with the necessary expertise to prepare GAAP financial statements.

However, consistent with current auditing standards, we are required to determine whether this meets the definition of a material weakness or a significant deficiency. In our evaluation, we consider those aspects of an entity's GAAP financial statement preparation that we believe management does not have the means to perform without our assistance and that could have a material or significant impact on the financial statements. We believe the following constitute a material weakness:

- Identification of material adjustments to the books and records used to prepare the financial statements.
- Preparation of the financial statements, including the note disclosures, so as to be complete and free of significant error under current GAAP standards.

We are pleased to continue to provide the service of preparation of the GAAP financial statements, and are not recommending the City make other arrangements to have the financial statements prepared. We feel the process of us as auditors preparing the financial statements at the conclusion of the audit, followed by management review and acceptance, is an efficient and cost-effective process overall. However, we would be pleased to work with City staff to find ways they can take a larger role in assisting with preparing the annual GAAP financial statements.

Network Access (significant deficiency)

Currently, all employees of the City Finance Office have full access to the Prairiefire accounting, payroll and utility billing software. They have the ability to post any type of entry or adjustment and add or delete employees, vendors, or customers. This creates a lack of control over the software where an employee could potentially corrupt, alter, or delete needed financial information within the City's records. This is a continuing comment from the prior year.

We recommend the following:

- Access to the payroll module to add or terminate employees and adjust basic payroll data should be limited to the Human Resources Administrator with reports of modifications provided to the City Administrator regularly to provide oversight over Human Resources. However, access to the payroll module to record hours and process payments should not be provided to the Human Resources Administrator but should be provided to other Finance employees to process.
- The City should review the access granted to the billing system. In general, utility clerks should not have full access to the utility billing module. Billing should be kept separate from collections, and those in charge of collections should not be able to make adjustments to customer accounts. However, as a partial mitigating control, the City Clerk is now reviewing daily reports listing adjustments and changes made in order to provide oversight for the utility clerks.
- With changes in the software, we recommend the City continually review the access to the accounting software that is appropriate for each position and use software controls such as passwords and "review only" capacity to limit access in all modules.

With the size of the accounting staff, it may not be economically feasible to fully correct the above deficiency. However, the Board of Aldermen should be aware of the situation.

This report is intended solely for the information and use of the Mayor, Board of Aldermen and management of the City of Centralia and is not intended to be used and should not be used by anyone other than these specified parties.

We appreciate the opportunity to serve you and the cooperation and assistance we received from City staff during our audit.

Sincerely,

Williams Keepers LLC

WILLIAMS-KEEPERS LLC

**REPORT OF
CITY OF CENTRALIA
MARCH 31, 2012**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Board of Aldermen
City of Centralia, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Centralia, Missouri (the City), as of and for the year ended March 31, 2012, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centralia, Missouri as of March 31, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

U.S. generally accepted accounting principles require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City taken as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Williams Keepers LLC

July 11, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Centralia, we offer readers of the City of Centralia, Missouri's financial statements this narrative overview and analysis of the financial activities of the City of Centralia for the fiscal year ended March 31, 2012. The financial statements for the City of Centralia have been prepared in accordance with the guidelines prescribed in GASB Statement No. 34. This discussion and analysis is meant to provide an objective and easily readable analysis of the City's financial activities based on current facts and circumstances. We encourage readers to consider the information presented here in conjunction with additional information that is contained in the audit report's Notes to the Financial Statements, which can be found on pages 26-45 of this report. All amounts, unless otherwise indicated, are rounded to the nearest dollar.

FINANCIAL HIGHLIGHTS

- The assets of the City of Centralia exceeded its liabilities at the close of the most recent fiscal year by \$15,451,197. Of this amount \$2,885,085 may be used to meet the government's ongoing obligations to citizens and creditors without limitations.
- The City's total net assets decreased by \$284,687, compared to a decrease in prior year of \$22,663. This is primarily due to a decrease in capital grants for general government activities, an increase in sanitation expenses, and the final year of a period where the City absorbed temporarily high wholesale electric rates to buffer the impact on customers. The wholesale rates were considerably reduced in January of 2012.
- At the close of the current fiscal year, the City of Centralia's governmental funds reported combined ending fund balances of \$2,025,854, an increase of \$72,691 in comparison with the prior year. This is primarily from planned investments in capital assets and a structured building of reserve balances for recreations center operations. Approximately 24.9% of this total amount is *available for spending* at the government's discretion (unassigned and *unassigned fund balances*).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$446,561, or 30.0% of total General Fund expenditures.
- The total bonded debt for the City of Centralia decreased by \$25,000 (13.9%) during the current fiscal year, through a payment on the Library Bond issue. No new bonds were issued during this fiscal year. However, the City has one year remaining of a lease-purchase contract (principal of \$144,613) to finance street improvements and sixteen years remaining of a lease-purchase contract (principal of \$1,770,000) to finance construction of a community recreation center. Just over twelve years remains on a lease-purchase contract to fund construction of an electric substation (principal of \$1,429,000).
- The City implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for the City's 2012 fiscal year. The object of this Statement was to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. In addition, it also established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The fund balance section of the governmental fund financial statements now reflects non-spendable, restricted, committed, assigned, or unassigned found balance for each fund, depending on its spending constraints.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements. The *government-wide financial statements* are designated to provide readers with a broad overview of the City of Centralia's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Centralia's assets and liabilities, with the difference between the two 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 City of Centralia is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the City of Centralia that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Centralia include general government, public safety, streets and storm drainage, planning and zoning, economic development, and culture and recreation. The business-type activities of the City of Centralia include refuse collection, water and sanitary sewer utilities, and an electric distribution utility.

The City provides collection and bookkeeping services for the Centralia Public Library. It passes through property tax collections, which are accounted for as an agency fund. The City does not include any component units in its financial statements.

The government-wide financial statements can be found on pages 16 and 17 of this report

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impacts of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Centralia maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund (a major fund). Data from the remaining funds are combined into a single, aggregated

presentation, designated “non-major funds”. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* on pages 48 and 49.

The City of Centralia adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with its budget. The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds. The City of Centralia maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Centralia uses enterprise funds to account for its water, sewer, electric, and sanitation utilities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Centralia’s various functions. The City of Centralia uses internal service funds to account for operating and overhead expenses related to use of vehicles and equipment by multiple city departments, for accounting and clerical services available to multiple city departments, and for immediate and long-term accrued employee benefits.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, electric, and sanitation funds, all of which are considered to be major funds of the City of Centralia. Conversely, the three internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statement.

The basic proprietary fund financial statements can be found on pages 22-24 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefits of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Centralia’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 25 of this report.

Notes to the Financial Statements and other information. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-45 of this report. In addition to clarifying explanation and financial details, the accompanying notes also present certain *required supplementary information* concerning the City of Centralia’s progress in funding its obligation to provide pension benefits to its employees. This information is found on pages 44 and 45. Information is also included which provides a record of insurance coverage for the City of Centralia.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following Notes to the Financial Statements. Combining and individual fund statements and schedules can be found on pages 48 and 49 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City of Centralia, assets exceeded liabilities by \$15,451,197 at the close of the most recent fiscal year.

By far the largest portion of the City of Centralia’s net assets (72.5%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Centralia uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Centralia’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay its debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Centralia's net assets (8.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$2,885,085) may be used to meet the government's ongoing obligations to citizens and creditors. The City invested fewer resources in new capital acquisitions and constructions in the last fiscal year. Therefore, the impact of (non-cash) depreciation expenses for offset any increases in the net value of capital assets for the City. The decrease in long-term liabilities is mainly attributable to principal payments during the fiscal year.

City of Centralia's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Current & other assets	\$2,510,799	\$2,582,318	\$2,514,204	\$2,413,958	\$ 5,025,003	\$ 4,996,276
Capital assets	<u>8,131,485</u>	<u>7,913,717</u>	<u>7,076,241</u>	<u>6,664,970</u>	<u>15,207,726</u>	<u>14,578,687</u>
Total assets	10,642,284	10,496,035	9,590,445	9,078,928	20,232,729	19,574,963
Other liabilities	175,275	136,885	324,900	317,197	500,175	454,082
Long-term liabilities outstanding	<u>2,407,199</u>	<u>2,158,859</u>	<u>1,589,471</u>	<u>1,510,825</u>	<u>3,996,670</u>	<u>3,669,684</u>
Total liabilities	2,582,474	2,295,744	1,914,371	1,828,022	4,496,845	4,123,766
Net Assets:						
Invested in capital assets, net of related debt	5,904,985	5,912,693	5,733,481	5,283,646	11,638,466	11,196,339
Restricted	904,820	1,369,773	-	-	904,820	1,369,773
Unrestricted	<u>1,250,005</u>	<u>917,825</u>	<u>1,942,593</u>	<u>1,967,260</u>	<u>3,192,598</u>	<u>2,885,085</u>
Total net assets	\$8,059,810	\$8,200,291	\$7,676,074	\$7,250,906	\$15,735,884	\$15,451,197

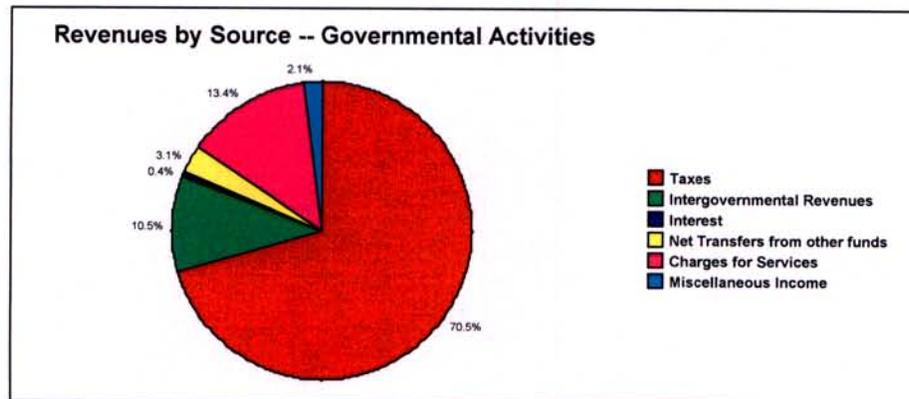
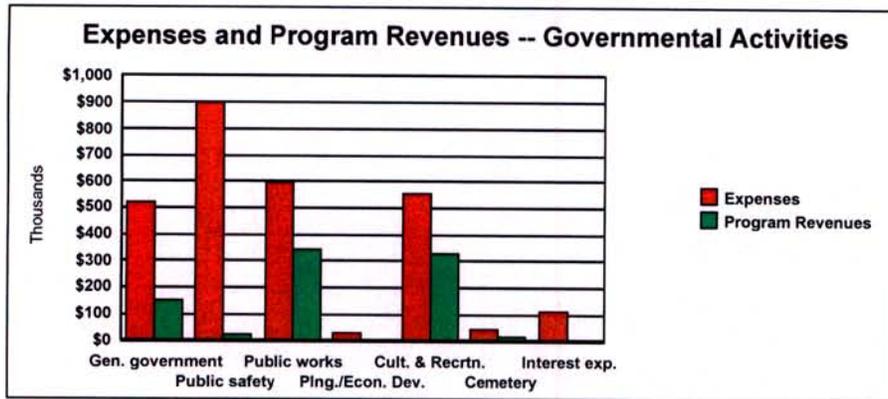
At the end of the current fiscal year, the City of Centralia is able to report positive balances in all three categories of net assets for the government as a whole and for its separate business-type activities. There are also positive balances for all categories of net assets for separate government activities.

Statement of Changes in Net Assets. This statement reflects the revenues and expenses for both the governmental and business-type activities.

Governmental activities. Governmental activities increased net assets by \$140,481, compared to a decrease of \$425,168 in business-type net assets, thus resulting in a decrease of \$284,687 in the total net assets of the City of Centralia. The decrease in total net assets reflects an increase of 1.7% for governmental activities, compared to a modest 5.5% decrease for business-type activities. Key elements of this increase are as follows:

- Property taxes increased from the preceding year. The assessed valuation for all classes of real property grew due to new construction, and the valuation of personal property grew by more than 26% as a result of the installation of manufacturing equipment and tools by the City's major industry. The City's total property tax levy remained stable at \$1.3372 per \$100 of assessed valuation, the same as the preceding year. Excluding the levy for the Centralia Library (not included in these financial statements), the rates were \$1.0375 in both the present year and the previous year. The City finally received \$24,488 in taxes on state-assessed utility property, which were paid under protest and remained under the control of the county treasurer until the present fiscal year.
- Capital grants from other governments decreased by \$175,911, as the City's application for Safe Routes to Schools funding for sidewalks was not extended. Operating grants and contributions for governmental activities remained stable, but of little substance.
- About half of the revenues in the Transportation Sales Tax Fund continue to be dedicated to repayment of a 2008 four-year lease-purchase contract for capital street construction.

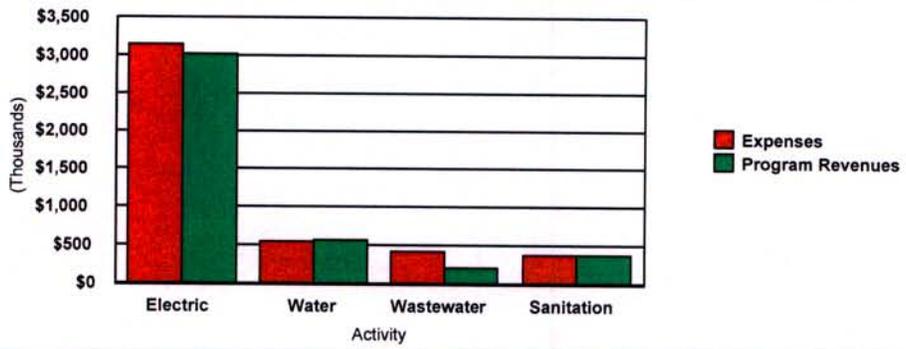
- Operation of the City's Recreation Center has proven to be successful and self-supporting. Operations at the facility have generated a surplus in the present year. This and a small portion of the park sales tax are being held as a growing reserve for large, future maintenance projects. The City budgeted for no new positions in the General Fund. It continues to limit spending on voluntary capital improvements and focus more on maintenance of existing facilities. Other than the Recreation Center, no governmental fund-type program is self-supporting.



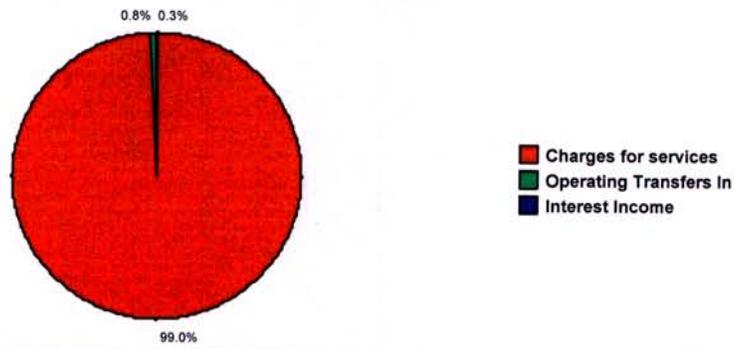
Business-type activities. Business-type activities decreased the City of Centralia's net assets by \$425,168. Key elements of this decrease are as follows:

- Revenues from sewer fund fees and water sales increased modestly, reflecting a 5% water rate increase and a 5% sewer rate increase. Electric rates remained unchanged in the last two years, but revenues diminished slightly from the prior year. This reflects low electricity use for heating during a mild winter. With new wholesale power costs contracted for the five years starting in January of 2012, customer electric rates should remain constant for the near future. Rates for solid waste collection increased by approximately 15%, effective in December of 2011, too late to have a significant effect on revenues for the present year.
- Investment revenue on significant cash balances remained low, reflecting national interest rates.
- The Sewer Fund expenditures increased significantly compared to the previous fiscal year to pay for slip lining of several aged sewer mains, repair land-application irrigation pivots, and to enlarge effluent pumping capacity.
- Compared to recent years, there was little subdivision development and, thus, minimal dedication of improvements and additions to the utilities' treatment, distribution and collection systems. Net capital additions to the utility funds were only \$46,934 during the year. Existing proprietary fund assets depreciated by \$458,205 over the same period. This is a significant increase from prior years, showing the impact of depreciation on the complete, second electric substation.

Expenses and Program Revenues -- Business-type Activities



Revenues by Source -- Business-type Activities



City of Centralia's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Revenues:						
Program Revenues:						
Charges for services	\$ 730,428	\$ 787,232	\$ 4,176,354	\$ 4,208,328	\$ 4,906,782	\$ 4,995,560
Capital grants and contributions	240,224	64,313			240,224	64,313
Operating grants and contributions	6,171	16,955	638	481	6,809	17,436
General Revenues:						
Taxes						
Property taxes	443,145	468,757			443,145	468,757
Sales taxes	734,532	771,803			734,532	771,803
Gross receipts taxes	445,829	426,988			445,829	426,988
Surcharge	103,727	115,218			103,727	115,218
Gas and motor fuels tax	107,027	104,223			107,027	104,223
Miscellaneous	6,057	9,089			6,057	9,089
County payments	43,463	47,519			43,463	47,519
Miscellaneous – other income						
Gains on sale of capital assets		1,568		18,251		19,819
Interest income	8,456	11,225	17,558	10,905	26,014	22,130
Net transfers in (out) from other funds	80,613	77,032	(80,613)	(77,032)		
Capital contributions						
TOTAL REVENUES	\$2,949,672	\$2,901,922	\$ 4,113,937	\$ 4,160,933	\$ 7,063,609	\$ 7,062,855
Expenses:						
General government	\$ 545,922	\$ 517,636	\$	\$	\$ 545,922	\$ 517,636
Public safety	839,898	904,242			839,898	904,242
Public works	534,587	596,991			534,587	596,991
Community planning and economic development	17,260	28,627			17,260	28,627
Culture and recreation	532,510	556,387			532,510	556,387
Cemetery	46,314	43,612			46,314	43,612
Interest expense	122,754	113,946			122,754	113,946
Electric			3,215,636	3,228,910	3,215,636	3,228,910
Water			569,451	545,790	569,451	545,790
Wastewater			289,110	421,159	289,110	421,159
Sanitation			<u>372,830</u>	<u>390,242</u>	<u>372,830</u>	<u>390,242</u>
TOTAL EXPENSES	\$2,639,245	\$2,761,441	\$ 4,447,027	\$ 4,586,101	\$ 7,086,272	\$ 7,347,542
INCREASE IN NET ASSETS	\$ 310,427	\$ 140,481	(\$ 333,090)	(\$ 425,168)	(\$ 22,663)	(\$ 284,687)
Net Assets – April 1, 2011	\$7,749,383	\$8,059,810	\$ 8,009,164	\$ 7,676,074	\$15,758,547	\$15,735,884
Net Assets – March 31, 2012	\$8,059,810	\$8,200,291	\$ 7,676,074	\$ 7,250,906	\$15,735,884	\$15,451,197

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City of Centralia uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the City of Centralia's governmental funds reported combined ending fund balance of \$2,025,854, an increase of \$72,691 in comparison with the prior year. Approximately 21.0% of this total

amount (\$424,481) constitutes an *unassigned fund balance*, which is available for spending at the government's discretion. Most of the remaining fund balance is *restricted* to indicate that it is not available for new spending because it is restricted to pay debt service (\$405,582), to generate income to pay for the perpetual care of the municipal cemetery (\$664,976), for capital construction (\$170,282) or for recreation functions (\$128,933). Smaller portions are *committed*, in that the City of Centralia has formerly earmarked certain funds for future equipment replacement and construction projects; and *assigned*, in that the City of Centralia has administratively earmarked certain funds for appropriated spending. Maintaining a significant unassigned balance is also a prudent buffer against unforeseen revenue delays and other contingencies.

The General Fund is the chief operating fund of the City of Centralia. At the end of the current fiscal year, the total fund balance was \$660,302. A portion of this balance is restricted for capital construction (\$134,092), a portion is assigned for appropriated spending (\$79,649), and the remainder is unassigned. As a measure of the General Fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. The unassigned fund balance represents 30.0% percent of total General Fund expenditures.

The fund balance of the City of Centralia's General Fund increased by \$22,029 during the current fiscal year. Key components in this change are:

- Revenue from property taxes (including receipt of protested taxes) was moderately above budget expectations, but otherwise even from the previous fiscal year. Gross receipts taxes on electric and natural gas service decreased, reflecting a mild winter. Sales taxes were above budget targets and were more than 5% above the previous year. State-collected motor fuels and related taxes were static. Court fine receipts were below budget and less than preceding years.
- The General Fund received a transfer from the electric fund of \$65,000 (the same as the preceding fiscal year) and a transfer from the water fund of \$30,000. These transfers helped to maintain minimum standards for street maintenance and are also considered partial reimbursement for the administrative services performed by the City Administrator and a recognition that, as municipal entities, the utilities do not pay the property taxes which would otherwise be collected from a private utility.

The Centralia Recreation Center completed its second full year in operation. Expenses on the facility remain low; membership remained high; and the Center was able to substantially add to the fund balance. Proceeds to the Parks and Recreation Sales Tax Fund paid the third year's principal (\$65,000) and interest (\$94,622) requirements on the Center's capital lease.

The Transportation Sales Tax Fund has a fund balance of \$183,312. Revenue to this fund paid for approximately \$115,829 in street improvements. Revenue also covers the third of four years' debt service payments on a capital lease. The large balance is necessary to facilitate a debt service payment early in the next fiscal year.

Proprietary funds. The City of Centralia's proprietary funds provided the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Fund at the end of the fiscal year amounted to \$397,821; those for the Sewer Fund amounted to \$50,201; those for the Electric Fund amounted to \$83,365; and those for the Sanitation Fund amounted to \$54,549. The City has a contract of obligation with the Missouri Department of Natural Resources which could require it over a 30-year period to spend up to \$118,997 to cover the possible "post-closure" costs of monitoring, maintenance, and repair to sanitary landfill sites which are no longer in use. In past years, the City has expended \$38,911 of this possible obligation.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City of Centralia adopts an appropriation limit for the General Fund as a whole. The individual line item amounts shown in the budget for specific departments and functions are used only as benchmarks and for internal administrative

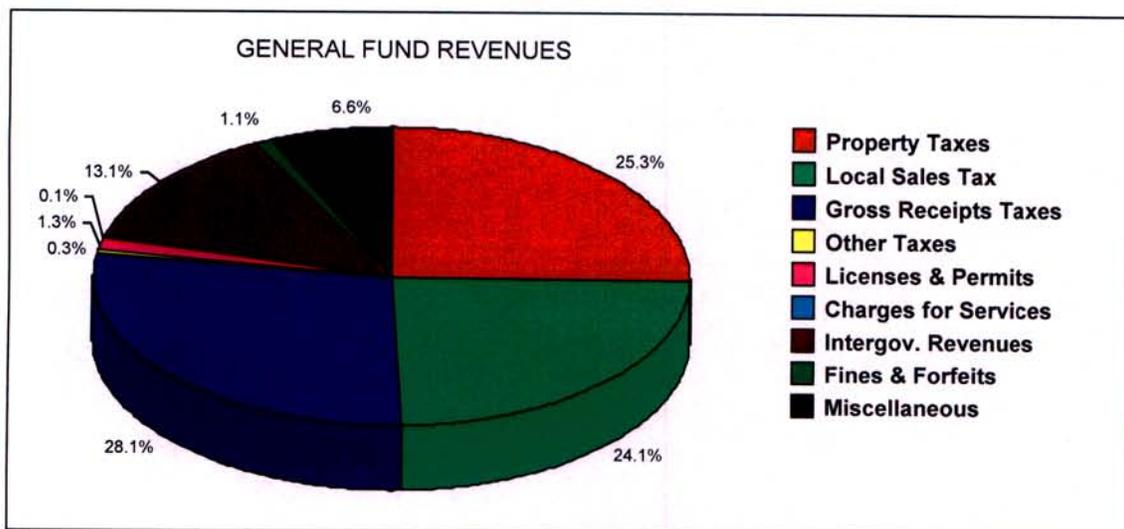
controls. The City made no amendments to the General Fund budget after its original adoption. Significant deviations from the amounts budgets for various activities and functions include:

- Overall, most activities had expenses lower than budgeted—a result of low utility cost for City facilities and cautious purchasing practices, which more than ameliorated unexpected increases in employee health insurance.
- Expenditures for the protective inspection activity were \$32,462 more than budgeted, owing to the continued costs of demolishing a downtown building damaged by a natural gas explosion that is now owned by the City.
- Training costs and unanticipated overtime expenses for police personnel were significantly higher than budgeted. The police department had unexpected charges for replacement of communication recording equipment and office furniture. Altogether, total police department costs were approximately \$32,823 above budget projections.
- The purchase of a replacement dump truck for \$88,860 was delayed for about four months, and will be expended in the next fiscal year.
- Participation in a housing removal/replacement program was approximately \$7,500 above budget projections.
- The City did not tap into budgeted contingency reserves, nor funds escrowed for future construction of specific streets.
- The City incurred considerably less personnel and material expenditures for snow removal than was originally projected, and was unable to finish some of the planned construction of improvements at the Miles Street Ditch during the fiscal year.

Actual General Fund revenues (including inter-fund transfers) exceeded budgeted targets by \$73,387, approximately 5 % above the projected total. Revenues from gas utility taxes, automobile sales taxes, court fines, and interest were less than budget expectations. Sales taxes exceeded budget targets. Total expenditures and transfers out were about \$529,732 less than budgeted. This is significantly distorted because the City did not have to make use of contingency reserves.

General Fund revenues are realized from a balanced variety of sources, making the City of Centralia somewhat less reliant on economic or political happenstance.

General Fund expenditures are weighted heavily in the area of public safety, principally on law enforcement. Fire, police, and code enforcement activities account for 58.1% of General Fund expenditures. Culture and recreation activities and—to some extent—street functions, presently rely to a major degree on earmarked revenues and grants and are paid out of special revenue and capital projects funds.



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City of Centralia's investment in capital assets for its governmental and business-type activities as of March 31, 2012, amounts to \$11,196,339 (net of accumulated depreciation and related debt). This investment in capital assets includes land, building and systems, improvements, machinery and equipment, park facilities, roads and storm drainage facilities.

The total decrease in the City of Centralia's investment in capital assets for the current fiscal year was 3.8% (a .1% increase for governmental activities and a 7.8% decrease for business-type activities).

Major capital asset events during the current fiscal year included the following:

- \$46,934 spent to replace a fully-depreciated skid loader; \$115,829 spent to overlay several streets; and \$29,500 to replace a street sweeper with a new, but used, machine.
- Cured-in-place lining of several blocks of sanitary sewer main cost \$59,979. Repairs and upgrades to irrigation pivots for the sewer treatment system cost \$35,477.
- Construction of the initial phase of concrete-lined channel in the Miles Street Ditch cost about \$35,000.

Additional detailed and summary information on the City of Centralia's capital assets can be found in Note 7 on pages 37 and 38 of the Notes to the Financial Statements.

Long-term debt. At the end of the current fiscal year, the City of Centralia had total bonded debt outstanding of \$155,000. All of this debt is from general obligation bonds (debt backed by the full faith and credit of the government).

City of Centralia's Outstanding Debt Service

	Library Bonds	
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2012-2013	\$25,000	\$ 8,680
2013-2014	\$30,000	\$ 7,280
2014-2015	\$30,000	\$ 5,600
2015-2016	\$35,000	\$ 3,920
2016-2017	\$35,000	\$ 1,960

The Library Bonds Debt Service Fund has a restricted fund balance of \$33,334, almost sufficient to meet debt services requirement of \$33,680 in 2012-2013. Although interest income from investment of fund reserves has not met original projections, the revenue from the designated property tax levy has grown faster than projected. The 2012 levy should not exceed that of 2011 (\$.0785 per \$100 of assessed valuation). The levy should remain stable for at least the next two or three years, and probably through the remaining six-year lifetime of the bond issue.

Because of its size, the City of Centralia's bonded indebtedness is not rated by any rating agency.

State statutes limit the amount of general obligation debt a governmental entity may issue to no more than five percent of its total assessed valuation. Upon a special vote of the electorate, additional debt can be issued up to another five percent of assessed valuation. The current basic debt limitation for the City of Centralia is \$2,276,303, based on a final assessed valuation for 2011 of \$45,526,069. This is significantly in excess of the City of Centralia outstanding general obligation debt.

The City has no bonded indebtedness outstanding for any of its utility functions.

In 2008, the City contracted for \$550,000 in lease-purchase financing for street improvements to portions of Lakeview Street and Columbia Street. This project has been completed and capitalized. Payments totaling \$147,207 were made in fiscal year 2011-12 for principal and interest. The final lease payment of \$147,122 was made in April 2012 for fiscal year 2012-2013. Debt service comes from a portion of the transportation sales tax and from a series of grants from Boone County.

Also in 2008 the City contracted for a capital lease for the Centralia Recreation Center in the principal amount of \$1,985,000. Debt service payments have reduced the outstanding principal to \$1,770,000 by March 31, 2012. Future principal and interest payments include: \$160,038 in 2012-13; \$157,238 in 2013-14, \$159,088 in 2014-15, \$160,713 in 2015-16, and \$162,113 in 2016-17. Payments of similar size will be made in each of the remaining fiscal years through 2027-28. The final payments in 2027-28 will total \$321,775, but \$162,123 of that will be paid from a reserve account which is already fully-funded. Debt service payments are to be made from the proceeds of the Park and Recreation Sales Tax. Annual receipts in that fund exceed the debt service requirements.

In 2009, the City contracted for a capital lease for a second electric substation, with a related feeder circuit and SCADA control system in the principal amount of \$1,637,000. Debt service payments have reduced the outstanding principal to \$1,429,000 by March 31, 2012. Future monthly principal and interest payments should not exceed a total of \$151,296 in 2012-13; \$157,044 in 2013-14, \$154,435 in 2014-15, \$151,847 in 2015-16, and \$156,725 in 2016-17. Payments of similar size will be made in each of the remaining fiscal years through 2024-25. The project was completed in 2010 and was significantly under preliminary cost estimate. The unspent principal was applied to debt service payments in 2011-12. Future debt service payments are to be made from the ongoing operating revenues of the Electric Fund.

Additional information on the City of Centralia's capital leases can be found in Note 8 on pages 39-41 of the Notes to the Financial Statements. Additional information on long-term debt can be found in Note 9 on page 41.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the City of Centralia is not separately calculated. The rate for all of Boone County was 5.2% (not seasonally adjusted) for April of 2012. Planned employment growth in the computer and banking sectors in the City of Columbia are coming to fruition. Student enrollment at the University of Missouri reached all-time highs in 2010 and 2011. These events should have a positive impact on Centralia, which is a part of the Columbia/Boone County labor and housing market. Also, in June of 2012, the local Chevrolet dealer broke ground for a new sales facility. The dealer expects to add about fifteen new employees over the next two to three years.
- Sales tax cash revenues increased by 13.8% in fiscal year 2011-2012, a reflection of some population growth and a local retail sector which is grounded in basic commodities such as food. General Fund sales tax revenues are cautiously budgeted at \$366,000 for 2012-2013, and receipts in the early months of the new fiscal year are above monthly targets.

General Fund Sales Tax	
Cash Receipts By Fiscal Year	
2006-2007	\$341,925
2007-2008	\$343,645
2008-2009	\$336,681
2009-2010	\$329,646
2010-2011	\$339,774
2011-2012	\$385,902

- The local housing market has slowed, but not shown the distress of other parts of the country. The following list shows permits issued for the construction of new residential units in each of the last five calendar years:

2007	25 units
2008	8 units
2009	18 units
2010	14 units
2011	24 units

Permits for 10 new units have been issued through June of 2012.

- Assessed valuation for real estate in the City has steadily grown. However, valuation of personal property (primarily motor vehicles) cause total valuation to stagnate until the most recent year. The following shows the county assessor's final taxable assessed valuations for both real estate and total taxable property.

<u>Fiscal Year</u>	<u>Real Estate Valuation</u>	<u>Total Valuation</u>
2006-2007	\$30,863,911	\$40,517,066
2007-2008	\$32,204,530	\$42,088,685
2008-2009	\$32,964,048	\$43,578,155
2009-2010	\$33,591,226	\$43,106,634
2010-2011	\$34,079,340	\$42,986,359
2011-2012	\$34,392,419	\$45,526,069
2012-2013	not yet set by assessor	

During the current fiscal year, unrestricted net assets in the General Fund increased to \$526,210. The City of Centralia has appropriated \$79,649 of this amount for spending in the 2012-2013 fiscal year budget. It is intended that this use of available fund balance will allow the General Fund to cover its most pressing needs without any increase in tax rates or fee increases and to end the new fiscal year with an unreserved fund balance of at least \$468,521 (to allow for contingencies and cash flow). The budget for the 2012-2013 fiscal year anticipates that total transfers from the electric and water funds in the next year will be \$95,000, the remaining the same as for the current year. A recent decision from the Missouri Supreme Court has reaffirmed the right of cities to make prudent transfers from utility "profits."

The rates for electric services will remain stable present levels. An increase in sanitation rates of approximately 15% was effective in December 2011, and an increase in sewer rates of 5% took effect on April 1, 2012. During 2010, the City negotiated for a contract for purchase of wholesale power for a three-year period beginning January 1, 2012. This, blended with an allotment of power from a new electric plant in Illinois, should allow Centralia to buy power at a cost about 15% less than it presently pays. The City has also signed a further contract for purchase of wholesale power for the years 2015 and 2016 at an even lower cost. The resulting surplus should then be available to help finance any emergency needs of the City and temper rate increases.

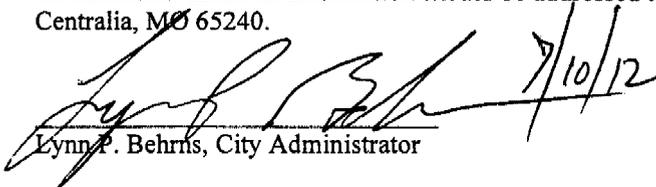
Major one-time expenditures included in the fiscal year 2012-2013 budget or continuing from the 2011-2012 budget include:

- Replacement of a dump truck for the street department - \$88,860.
- Payment for replacement of fire fighting vehicle - \$47,615 from general fund and \$45,535 from fire equipment fund.
- Debt Service on Capital Lease of Improvements on Lakeview and Columbia Streets - \$147,122.
- Street improvements and engineering \$249,724.
- Reserve for eventual relocation of Randolph Street and improvements to Wigham Street and Gano Chance Drive - \$134,092.

- Removal of dilapidated housing - up to \$7,500.
- Storm sewer improvements to another portion of the Miles Street Ditch - \$31,000.
- Replacement of pickup truck for water department - \$18,331
- Phase #1 of SCADA equipment for water treatment and storage system - \$94,544.
- Allowance for repairs to the water treatment plant, if needed - \$100,000.
- Allowance for repairs and equipment replacement for the sewer treatment plants, if needed - \$46,996.
- Allowance for repairs or replacement of electric distribution facilities, if needed - \$693,015.
- Materials for the construction of water distribution lines to new subdivisions and replacement of older or under-sized water mains (\$60,392).
- Reserves and potential repairs and pump replacements at municipal water wells - \$75,000.
- Slip-lining of several blocks of sanitary sewer mains - \$35,000.
- Principal and interest payments on capital lease for the Electric Substation project - \$154,603.
- Completion of installation of new fund accounting software.
- Acquisition and implementation of new geographic information system (GIS) software.
- Replacement of wood chipper - \$35,000.
- Debt service on outstanding Library Bonds - \$33,680.
- Landfill Closure Reserve -\$102,212.
- Pool Paint and Repairs - \$20,000.
- Debt service on capital lease for Centralia Recreation Center - \$160,038.
- Surveying new section of cemetery \$10,000.
- The budget contains no requirement for the issuance of new bonded debt.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Centralia's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Administrator, City of Centralia, 114 S. Rollins, Centralia, MO 65240.

 7/10/12
 Lynn P. Behrns, City Administrator

CITY OF CENTRALIA
STATEMENT OF NET ASSETS
March 31, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,345,055	\$ 1,600,736	\$ 2,945,791
Accounts and grants receivable, net of allowance for doubtful accounts of \$3,617	83,911	343,781	427,692
Deposit on capital assets	-	42,649	42,649
Inventories	-	339,599	339,599
Taxes receivable, net of allowance for doubtful accounts of \$2,761	220,327	-	220,327
Deferred charges, net of amortization of \$10,380 and \$4,405 respectively	46,343	20,374	66,717
Contribution receivable	1,534	-	1,534
Internal balances	7,350	(7,350)	-
Other current assets	18,714	-	18,714
Restricted assets:			
Cash and cash equivalents	435,061	46,867	481,928
Investments	424,023	27,302	451,325
Capital assets:			
Non-depreciable	152,439	192,374	344,813
Depreciable, net	7,761,278	6,472,596	14,233,874
Total assets	<u>10,496,035</u>	<u>9,078,928</u>	<u>19,574,963</u>
LIABILITIES			
Accounts payable	97,286	252,126	349,412
Sales tax payable	-	16,654	16,654
Customer security deposits	-	46,867	46,867
Unearned revenue	32,613	-	32,613
Accrued interest payable	6,986	1,550	8,536
Long-term liabilities:			
Due within one year			
Accrued employee benefits	54,631	-	54,631
Accrued landfill closure costs	-	1,739	1,739
Bonds payable	25,000	-	25,000
Leases payable	214,613	91,000	305,613
Due in more than one year			
Accrued employee benefits	56,861	-	56,861
Accrued landfill closure costs	-	80,086	80,086
Bonds payable	130,000	-	130,000
Leases payable	1,677,754	1,338,000	3,015,754
Total liabilities	<u>2,295,744</u>	<u>1,828,022</u>	<u>4,123,766</u>
NET ASSETS			
Invested in capital assets, net of related debt	5,912,693	5,283,646	11,196,339
Restricted for:			
Debt service	405,582	-	405,582
Culture and recreation	128,933	-	128,933
Perpetual care	664,976	-	664,976
Capital projects	170,282	-	170,282
Unrestricted	917,825	1,967,260	2,885,085
Total net assets	<u>\$ 8,200,291</u>	<u>\$ 7,250,906</u>	<u>\$ 15,451,197</u>

The notes to the financial statements are an integral part of these statements.

CITY OF CENTRALIA
STATEMENT OF ACTIVITIES
Year Ended March 31, 2012

Program/Function	Program revenues				Net revenue (expense) and changes in net assets		Total
	Expenses	Charges for services	Capital grants and contributions	Operating grants and contributions	Governmental activities	Business-type activities	
Governmental activities:							
General government	\$ 517,636	\$ 151,755	\$ -	\$ 75	\$ (365,806)	\$ -	\$ (365,806)
Public safety	904,242	16,356	-	10,709	(877,177)	-	(877,177)
Public works	596,991	283,919	62,563	-	(250,509)	-	(250,509)
Community planning and economic development	28,627	-	-	-	(28,627)	-	(28,627)
Culture and recreation	556,387	321,227	1,750	1,000	(232,410)	-	(232,410)
Cemetery	43,612	13,975	-	5,171	(24,466)	-	(24,466)
Interest expense	113,946	-	-	-	(113,946)	-	(113,946)
Total governmental activities	2,761,441	787,232	64,313	16,955	(1,892,941)	-	(1,892,941)
Business-type activities:							
Electric	3,228,910	3,029,772	-	481	-	(198,657)	(198,657)
Water	545,790	581,035	-	-	-	35,245	35,245
Wastewater	421,159	216,274	-	-	-	(204,885)	(204,885)
Sanitation	390,242	381,247	-	-	-	(8,995)	(8,995)
Total business-type activities	4,586,101	4,208,328	-	481	-	(377,292)	(377,292)
Total	\$ 7,347,542	\$ 4,995,560	\$ 64,313	\$ 17,436	\$ (1,892,941)	\$ (377,292)	\$ (2,270,233)
General revenue:							
Taxes							
Property taxes					468,757	-	468,757
Sales taxes					771,803	-	771,803
Gross receipts					426,988	-	426,988
Surcharge					115,218	-	115,218
Gas and motor fuel tax					104,223	-	104,223
Miscellaneous					9,089	-	9,089
County payments					47,519	-	47,519
Gain on sale of capital assets					1,568	18,251	19,819
Interest income					11,225	10,905	22,130
Net transfers in (out) from other funds					77,032	(77,032)	-
Total general revenues					2,033,422	(47,876)	1,985,546
Changes in net assets					140,481	(425,168)	(284,687)
Net assets, April 1					8,059,810	7,676,074	15,735,884
Net assets, March 31					\$ 8,200,291	\$ 7,250,906	\$ 15,451,197

The notes to the financial statements are an integral part of these statements.

CITY OF CENTRALIA
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
March 31, 2012

ASSETS	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Totals</u>
ASSETS			
Cash and cash equivalents	\$ 562,137	\$ 515,475	\$ 1,077,612
Accounts receivable	2,472	2,699	5,171
Taxes receivable, net of allowance for doubtful accounts of \$2,761	157,908	62,419	220,327
Contribution receivable	-	1,534	1,534
Due from other funds	7,565	-	7,565
Restricted assets			
Cash and cash equivalents	-	435,061	435,061
Investments	-	424,023	424,023
Total assets	<u>\$ 730,082</u>	<u>\$ 1,441,211</u>	<u>\$ 2,171,293</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 51,277	\$ 32,654	\$ 83,931
Deferred revenue	18,503	42,790	61,293
Due to other funds	-	215	215
Total liabilities	<u>69,780</u>	<u>75,659</u>	<u>145,439</u>
FUND BALANCES			
Restricted for:			
Debt service	-	405,582	405,582
Culture and recreation	-	128,933	128,933
Perpetual care	-	664,976	664,976
Capital projects	134,092	36,190	170,282
Committed for:			
Culture and recreation	-	102,871	102,871
Perpetual care	-	8,445	8,445
Capital projects	-	40,635	40,635
Assigned for:			
Appropriated spending	79,649	-	79,649
Unassigned	446,561	(22,080)	424,481
Total fund balances	<u>660,302</u>	<u>1,365,552</u>	<u>2,025,854</u>
Total liabilities and fund balances	<u>\$ 730,082</u>	<u>\$ 1,441,211</u>	<u>\$ 2,171,293</u>

The notes to the financial statements are an integral part of these statements.

CITY OF CENTRALIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
March 31, 2012

Fund balances - total governmental funds		\$ 2,025,854
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:</p>		
Governmental capital assets	11,484,154	
Less accumulated depreciation	<u>(3,570,437)</u>	
		7,913,717
<p>Internal service funds are used by management to charge the costs of fleet operations and employee benefits; therefore, the assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets, net of capital assets and long-term liabilities</p>		
		351,542
<p>Long-term liabilities, including leases payable, bonds payable and accrued employee benefits, are not due and payable in the current period; therefore, are not reported as liabilities in the governmental funds:</p>		
Certificates of participation	(1,770,000)	
Unamortized discount	22,246	
Unamortized issuance costs	46,343	
Capital lease obligation	(144,613)	
Bonds payable	(155,000)	
Accrued employee benefits	(111,492)	
Accrued interest payable	<u>(6,986)</u>	
		(2,119,502)
<p>Some of the City's revenue will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore, are reported as deferred revenue in the funds</p>		
		<u>28,680</u>
Net assets of governmental activities		<u><u>\$ 8,200,291</u></u>

The notes to the financial statements are an integral part of these statements.

CITY OF CENTRALIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
Year Ended March 31, 2012

	General Fund	Non-Major Funds	Totals
REVENUES:			
Taxes	\$ 1,190,089	\$ 580,871	\$ 1,770,960
Licenses and permits	20,477	-	20,477
Charges for services	847	329,566	330,413
Intergovernmental revenues	202,499	62,563	265,062
Fines and forfeitures	16,356	-	16,356
Miscellaneous			
Interest	5,212	6,013	11,225
Contributions	75	7,921	7,996
Other	1,160	5,636	6,796
TOTAL REVENUES	1,436,715	992,570	2,429,285
EXPENDITURES:			
General government	312,244	-	312,244
Public safety	865,707	-	865,707
Public works	229,159	-	229,159
Community planning and economic development	28,627	-	28,627
Culture and recreation	-	441,352	441,352
Cemetery	-	42,542	42,542
Capital outlay	54,311	119,393	173,704
Debt service	-	341,859	341,859
TOTAL EXPENDITURES	1,490,048	945,146	2,435,194
Excess (deficiency) of revenues over expenditures	(53,333)	47,424	(5,909)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	95,000	4,429	99,429
Operating transfers (out)	(21,206)	(1,191)	(22,397)
Proceeds from sale of assets	1,568	-	1,568
Total other financing sources (uses)	75,362	3,238	78,600
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	22,029	50,662	72,691
Fund balances, April 1	638,273	1,314,890	1,953,163
FUND BALANCES, MARCH 31	\$ 660,302	\$ 1,365,552	\$ 2,025,854

The notes to the financial statements are an integral part of these statements.

CITY OF CENTRALIA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended March 31, 2012**

Net change in fund balances - total governmental funds	\$	72,691
Amounts reported for governmental activities in the statement of activities are different because:		
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:		
Capital outlay capitalized as assets	173,704	
Depreciation	<u>(391,472)</u>	(217,768)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes		(21,690)
The issuance of long-term debt (e.g., bonds and leases) 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:		
Principal payments	229,764	
Change in interest payable	2,436	
Debt issuance:		
Amortization of issuance costs of certificate of participation	(2,897)	
Amortization/accretion of discounts or premiums and issuance costs from lease purchases	<u>(1,390)</u>	227,913
Compensated absences are accrued in the Statement of Activities whereas reported as expenditures in the governmental funds		
		19,966
Internal service funds are used by the City to charge the costs of fleet operations and employee benefits to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities		
		<u>59,369</u>
Change in net assets of governmental activities	\$	<u>140,481</u>

The notes to the financial statements are an integral part of these statements.

CITY OF CENTRALIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
March 31, 2012

	Major Enterprise Funds				Total Enterprise Funds	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,136,870	\$ 290,026	\$ 31,194	\$ 142,646	\$ 1,600,736	\$ 267,443
Accounts receivable, net of allowance for doubtful accounts of \$3,617	265,322	51,127	21,783	5,549	343,781	78,740
Deferred charges	20,374	-	-	-	20,374	-
Deposit on capital assets	-	42,649	-	-	42,649	-
Inventories	268,345	71,254	-	-	339,599	-
Other current assets	-	-	-	-	-	18,714
Total current assets	1,690,911	455,056	52,977	148,195	2,347,139	364,897
Restricted assets:						
Customer security deposits, cash	32,940	13,927	-	-	46,867	-
Restricted investments	27,302	-	-	-	27,302	-
Capital assets:						
Non-depreciable	18,822	24,347	149,205	-	192,374	-
Depreciable, net	2,568,525	1,386,817	2,415,300	101,954	6,472,596	-
Total assets	\$ 4,338,500	\$ 1,880,147	\$ 2,617,482	\$ 250,149	\$ 9,086,278	\$ 364,897
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 180,294	\$ 57,235	\$ 2,776	\$ 11,821	\$ 252,126	\$ 13,355
Sales tax payable	16,654	-	-	-	16,654	-
Estimated landfill post closure costs	-	-	-	1,739	1,739	-
Accrued employee benefits	-	-	-	-	-	111,492
Accrued interest payable	1,550	-	-	-	1,550	-
Lease payable	91,000	-	-	-	91,000	-
Due to other funds	7,350	-	-	-	7,350	-
Total current liabilities	296,848	57,235	2,776	13,560	370,419	124,847
Payable from restricted assets:						
Customer security deposits	32,940	13,927	-	-	46,867	-
Long-term liabilities:						
Lease payable	1,338,000	-	-	-	1,338,000	-
Estimated landfill post closure costs	-	-	-	80,086	80,086	-
Total liabilities	1,667,788	71,162	2,776	93,646	1,835,372	124,847
NET ASSETS						
Invested in capital assets, net of related debt	1,206,023	1,411,164	2,564,505	101,954	5,283,646	-
Unrestricted	1,464,689	397,821	50,201	54,549	1,967,260	240,050
Total net assets	\$ 2,670,712	\$ 1,808,985	\$ 2,614,706	\$ 156,503	\$ 7,250,906	\$ 240,050

The notes to the financial statements are an integral part of these statements.

CITY OF CENTRALIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
ALL PROPRIETARY FUND TYPES

Year Ended March 31, 2012

	Major Funds				Total Enterprise Funds	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund		
OPERATING REVENUES:						
Charges for services	\$ 3,029,772	\$ 581,035	\$ 216,274	\$ 381,247	\$ 4,208,328	\$ 413,190
Contributions	481	-	-	-	481	-
Miscellaneous	-	-	-	-	-	2,537
Total operating revenues	3,030,253	581,035	216,274	381,247	4,208,809	415,727
OPERATING EXPENSES:						
Planning and administration	39,006	43,677	13,374	32,895	128,952	127,483
Communication	42,081	20,039	18,533	-	80,653	-
Well operation, maintenance and repair	-	84,668	-	-	84,668	-
Distribution	2,815,868	179,781	-	-	2,995,649	-
Buildings and grounds	30,106	24,055	-	-	54,161	-
Treatment	-	66,578	-	-	66,578	-
Sewerage collections	-	-	101,125	-	101,125	-
Lift operations	-	-	16,693	-	16,693	-
Sewerage treatment collections	-	-	69,611	-	69,611	-
Land application	-	-	55,385	-	55,385	-
Depreciation	154,319	126,992	146,179	30,715	458,205	-
Brush and tree control	48,651	-	-	-	48,651	-
Street lighting	23,696	-	-	-	23,696	-
Equipment operations	-	-	-	-	-	208,909
Trash collection	-	-	-	217,408	217,408	-
Trash disposal	-	-	-	107,729	107,729	-
Miscellaneous	2,995	-	259	1,495	4,749	-
Total operating expenses	3,156,722	545,790	421,159	390,242	4,513,913	336,392
OPERATING INCOME (LOSS)	(126,469)	35,245	(204,885)	(8,995)	(305,104)	79,335
NON-OPERATING REVENUES (EXPENSES)						
Interest expense	(72,188)	-	-	-	(72,188)	-
Interest income	8,529	1,378	214	784	10,905	-
Gain on sale of capital assets	18,251	-	-	-	18,251	-
Total non-operating revenues (expenses)	(45,408)	1,378	214	784	(43,032)	-
NET INCOME (LOSS)	(171,877)	36,623	(204,671)	(8,211)	(348,136)	79,335
Operating transfers in	32,422	-	-	-	32,422	32,422
Operating transfers (out)	(71,872)	(35,757)	-	(1,825)	(109,454)	(32,422)
Change in net assets	(211,327)	866	(204,671)	(10,036)	(425,168)	79,335
Net assets, April 1	2,882,039	1,808,119	2,819,377	166,539	7,676,074	160,715
NET ASSETS, MARCH 31	\$ 2,670,712	\$ 1,808,985	\$ 2,614,706	\$ 156,503	\$ 7,250,906	\$ 240,050

The notes to the financial statements are an integral part of these statements.

CITY OF CENTRALIA
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
Year Ended March 31, 2012

	Major Funds				Total Enterprise Funds	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund		
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 3,063,512	\$ 572,605	\$ 212,429	\$ 376,608	\$ 4,225,154	\$ 413,190
Cash paid to vendors	(2,883,992)	(283,530)	(229,193)	(272,310)	(3,669,025)	(299,939)
Cash paid to employees	(170,213)	(94,061)	(47,300)	(93,536)	(405,110)	(82,142)
Net cash provided (used) by operating activities	9,307	195,014	(64,064)	10,762	151,019	31,109
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating transfers in (out)	(39,342)	(35,757)	-	(1,825)	(76,924)	-
Net change in interfund payables/receivables	-	-	-	-	-	1,105
Net cash provided (used) by noncapital financing activities	(39,342)	(35,757)	-	(1,825)	(76,924)	1,105
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Payment for capital acquisitions	(46,934)	(42,650)	-	-	(89,584)	-
Proceeds from sale of capital assets	18,251	-	-	-	18,251	-
Principal paid on debt	(77,000)	-	-	-	(77,000)	-
Interest paid on debt	(73,121)	-	-	-	(73,121)	-
Net cash used by capital and related financing activities	(178,804)	(42,650)	-	-	(221,454)	-
CASH FLOWS FROM INVESTING ACTIVITIES:						
Maturity of investments	113,912	-	-	-	113,912	-
Interest income	8,529	1,378	214	784	10,905	-
Net cash provided by investing activities	122,441	1,378	214	784	124,817	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	(86,398)	117,985	(63,850)	9,721	(22,542)	32,214
Cash and cash equivalents, beginning of year	1,223,268	172,041	95,044	132,925	1,623,278	235,229
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,136,870	\$ 290,026	\$ 31,194	\$ 142,646	\$ 1,600,736	\$ 267,443
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (126,469)	\$ 35,245	\$ (204,885)	\$ (8,995)	\$ (305,104)	\$ 79,335
Adjustments:						
Depreciation and amortization	155,971	126,992	146,179	30,715	459,857	-
(Increase) decrease in assets:						
Accounts receivable	33,259	(8,430)	(3,845)	(4,639)	16,345	-
Inventories	(15,606)	1,179	-	-	(14,427)	-
Customer deposits	1,925	946	-	-	2,871	-
Increase (decrease) in liabilities:						
Accounts payable	(39,339)	40,028	(1,513)	(4,673)	(5,497)	(28,260)
Sales tax payable	1,491	-	-	-	1,491	-
Customer deposits	(1,925)	(946)	-	-	(2,871)	-
Estimated landfill postclosure costs	-	-	-	(1,646)	(1,646)	-
Accrued employee benefits	-	-	-	-	-	(19,966)
Net cash provided by operating activities:	\$ 9,307	\$ 195,014	\$ (64,064)	\$ 10,762	\$ 151,019	\$ 31,109

The notes to the financial statements are an integral part of these statements.

CITY OF CENTRALIA
FIDUCIARY FUND STATEMENT OF NET ASSETS
March 31, 2012

	Agency
	Library Trust Fund
ASSETS	
Accounts receivable	\$ 3,940
Taxes receivable	8,200
Total assets	\$ 12,140
LIABILITIES	
Deferred tax revenue	\$ 7,189
Due to other governments	4,951
Total liabilities	12,140
NET ASSETS	\$ -

The notes to the financial statements are an integral part of these statements.

CITY OF CENTRALIA
NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies employed in the preparation of the accompanying financial statements, as presented on the basis set forth in Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis – for State and Local Governments*.

A. Reporting Entity

The City of Centralia is located in central Missouri and is governed by a city administrator, an elected mayor, and a six-member board of aldermen.

The City, for financial purposes, includes all of the funds relevant to the operations of the City of Centralia. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Centralia that have been determined not to be component units as defined by Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity" (GASB 14). The City provides collection and bookkeeping services for the City of Centralia Municipal Library District (the Library), which is not a component unit of the City. The property tax collections that are passed through to the Library are accounted for as an agency fund.

B. Government-Wide and Fund Financial Accounting

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the City. The effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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.

The City uses funds to report its financial position and results of its operations in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary and fiduciary.

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

The City reports the following major governmental fund:

General Fund – This fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. It is required by law to operate in accordance with a formal budget.

The City reports the following major proprietary funds:

Enterprise Funds:

Electric Fund - The Electric Fund accounts for the billing and collection of charges for electric service for most city residents. Revenues are used to pay for both operating expenses and capital expenditures to maintain these services. All activities necessary to provide such services are accounted for in this fund.

Water Fund - The Water Fund accounts for the billing and collection of charges for water service for most city residents. Revenues are used to pay for both operating expenses and capital expenditures to maintain these services. All activities necessary to provide such services are accounted for in this fund.

Sewer Fund - The Sewer Fund accounts for the billing and collection of charges for sanitary sewer service for most city residents. Revenues are used to pay for both operating expenses and capital expenditures to maintain these services. All activities necessary to provide such services are accounted for in this fund.

Sanitation Fund - The Sanitation Fund accounts for the billing and collection of charges for sanitation service for most city residents. Revenues are used to pay for both operating expenses and capital expenditures to maintain these services. All activities necessary to provide such services are accounted for in this fund.

Internal Service Fund:

The Internal Service Fund accounts for the financing of goods or services provided by one department or agency to other departments of the City. The Internal Service Fund provides employee benefits, financial services, and equipment maintenance.

Additionally, the City reports the following fiduciary fund:

Agency fund - The Library Fund accounts for funds collected for the benefit of the Library. These funds are subsequently remitted to the Library.

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

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 and the fiduciary trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized 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.

The 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, interest and principal on general long-term debt are recognized when due.

Property tax, sales tax, gasoline tax, motor vehicle tax, interest, and revenues from other governmental units 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 proprietary fund financial statements use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

The City's general spending prioritization policy is to consider restricted resources to have been used first, followed by committed, assigned, and unassigned amounts when expenditures have been incurred for which resources in more than one classification could be used.

The City applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. The City applies all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARB) issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The City does not apply FASB Statements and Interpretations issued after November 30, 1989.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Because a statement of cash flows is prepared only for proprietary funds and nonexpendable trust funds under generally accepted accounting principles, cash and cash equivalents are only distinguished for those funds.

E. Accounts Receivable

Accounts receivable result primarily from utility services accounted for in the Electric, Water, Sewer, and Sanitation Funds. All unbilled receivables are included in accounts receivable in the accompanying financial statements as of March 31, 2012.

F. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the fund balance sheets.

G. Inventories

Inventories of materials and supplies in the enterprise funds are stated at the lower of cost or market, using the first-in, first-out accounting method.

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 defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

As permitted by GASB Statement No. 34, the City has elected not to retroactively capitalize general government infrastructure assets (streets, bridges, sidewalks) acquired prior to the City's fiscal year ended March 31, 2005.

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

Buildings	5-50 years	Vehicles and equipment	5-20 years
Meters	7-15 years	Utility plants and systems	40-50 years
Sewer lines	40-50 years	Furniture and office equipment	5-20 years
Water mains, lines, and trunks	30-40 years		

Fully depreciated fixed assets are included in the capital assets accounts until their disposal.

I. Compensated Absences:

All vested or accumulated vacation leave is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Under terms of the City's personnel policy, City employees are granted vacation and sick leave in varying amounts. However, in the event of termination, an employee is paid for all of accumulated vacation and one-half of accumulated sick leave up to 400 hours.

J. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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 straight-line method.

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 while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and principal repayments are reported as debt service expenditures.

K. Fund Equity

The City adopted Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, during the year ended March 31, 2012. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

In the governmental fund financial statements, equity is displayed in five components as follows:

Nonspendable – This consists of amounts that are not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – This consists of amounts that are constrained to specific purposes by their providers, through constitutional or contractual provisions or enabling legislation.

Committed – This consists of amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (the Board of Alderman) by the end of the fiscal year.

Assigned – This consists of amounts that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

Unassigned – This consists of amounts that are available for any purpose and can only be reported in the General Fund or special revenue fund that has a fund deficit.

The City did not have any nonspendable fund balances for the year ended March 31, 2012.

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted – This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

L. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. The most significant estimates used by management are the useful lives of fixed assets, collectability of receivables, unbilled utility billings, and the estimated post closure liability related to the landfill.

2. BUDGETS

Annual operating budgets are adopted each fiscal year through passage of an annual budget resolution and are amended as required for the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, and Proprietary Funds. The budgetary basis of accounting is based on actual cash receipts and disbursements for the proprietary funds and is essentially equivalent to the modified accrual basis for governmental funds.

The City Administrator, elected mayor and Board of Alderman follow these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to March 1, the City Administrator submits to the Board of Alderman a proposed operating budget for the fiscal period commencing April 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments. The proposed budget is available for public inspection prior to the public hearing.
3. Prior to April 1, the budget is legally enacted through passage of a resolution.
4. The City Administrator is authorized to make changes within departments, between departments, and between functions within each fund. Changes or transfers at the fund level require approval by the Board of Alderman.
5. All appropriations lapse at yearend.

The reported budgetary data represents the final approved budget after amendments as adopted by the Board of Alderman. The budget was not amended during the year.

3. CASH AND INVESTMENTS

Missouri State Statutes authorize the City to deposit funds in obligations of the U.S. Treasury; federal agencies and instrumentalities; certificates of deposit; and repurchase agreements. Custodial credit risk for deposits is the risk that, in event of a bank failure, the government's deposits may not be returned to it. The City's deposit policy is set by state statute. Statutes require that collateral pledged must have a fair value equal to 100% of the funds on deposit, less insured amounts. Collateral securities which are the same types as authorized for investments by the City are limited to the following as prescribed by state statutes:

- Bonds of the State of Missouri, of the United States, or of any wholly owned corporation of the United States.
- Other short term obligations of the United States.

The City of Centralia maintains a cash pool that is used by most individual funds. The cash pool consists of funds held in checking and money market accounts. Each fund type's portion of the pool is displayed on the statement of net assets as "cash and cash equivalents".

Deposits, categorized by level of custodial risk, were as follows as of March 31, 2012:

	Cash and Cash Equivalents	Certificates of Deposit	Petty Cash	Total
Bank balance				
Insured by the FDIC	\$ 1,893	\$ 250,000	\$ -	\$ 251,893
Collateralized with securities pledged by the financial institution	2,511,000	755,173	-	3,266,173
Collateralized by securities held by the pledging financial institutions' trust depart- ment or agent but not in the depositor government's name	-	-	-	-
Uncollateralized	-	-	-	-
	<u>\$ 2,512,893</u>	<u>\$ 1,005,173</u>	<u>\$ -</u>	<u>\$ 3,518,066</u>
Carrying value	<u>\$ 2,427,469</u>	<u>\$ 1,000,000</u>	<u>\$ 250</u>	<u>\$ 3,427,719</u>

Investments, categorized by level of custodial risk, were as follows as of March 31, 2012:

	Investment Maturities (in years)		Fair Value	Carrying Value
	Less than 1	1-5		
U.S. Treasuries				
Restricted	\$ 261,900	\$ -	\$ 261,900	\$ 261,900
Money market mutual funds				
Restricted	189,425	-	189,425	189,425
Total investments	<u>\$ 451,325</u>	<u>\$ -</u>	<u>\$ 451,325</u>	<u>\$ 451,325</u>

Investments are recorded at cost, which approximates market.

Interest rate risk – Interest rate risk is the risk that the fair values of investments will be adversely affected by a change in interest rates. The City manages its exposure to declines in fair values by only investing in obligations that return initial purchase prices and the earned interest. This practice eliminates exposure to declines in fair values.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor's and Moody's. State statutes authorize the City to invest in obligations of the U.S. Treasury, and federal agencies and instrumentalities; certificates of deposit issued by Missouri banks; and repurchase agreements. The City's policy is to only invest in obligations of the United States or its agencies, insured or secured certificates of deposits, certain obligations of the State of Missouri or political subdivisions and municipalities, and certain surety bonds. Policy prohibits the purchase of any investments that do not meet the above mentioned criteria. The money market mutual funds are invested primarily in a portfolio of U.S. Treasury securities maturing in 397 days or less.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The City's investment policy does not address concentration of credit risk.

Custodial credit risk – investments – For an investment, this is the risk that in an event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in possession of an outside party. As of March 31, 2012, there is no custodial credit risk for the City’s investments due to the City’s investment policy which prohibits obligations not fully secured.

The City’s total cash and investments are summarized below:

	Government-Wide Statement of Net Assets
Cash and cash equivalents:	
Unrestricted	\$ 2,945,791
Restricted	481,928
Subtotal	<u>3,427,719</u>
Investments:	
Restricted	<u>451,325</u>
Total cash and investments	<u><u>\$ 3,879,044</u></u>

4. RESTRICTED ASSETS

At March 31, 2012, total restricted assets were classified as follows:

Restricted cash and cash equivalents	\$ 481,928
Restricted investments	<u>451,325</u>
Total restricted assets	<u><u>\$ 933,253</u></u>

A portion of restricted assets consists of cash reserved in accordance with bond ordinances and can be used only as explained below:

Capital Lease Obligation – Recreation Center:

Reserve Account: Lease proceeds totaling \$162,112 are to be deposited to this account. Once funded, payments from the account shall be expended solely to prevent any default in the payment of interest or principal. If at any time the amount in this account is less than \$162,112, the City must replenish the account following the terms of the lease. At March 31, 2012, assets restricted for the Lease Revenue Account totaled \$162,123.

Capital Lease Obligation – Electric Substation Lease:

Reserve Account: Lease proceeds totaling \$15,256 are to be deposited to this account. Once funded, payments from the account shall be expended solely to prevent any default in the payment of interest or principal. At March 31, 2012, assets restricted for the Lease Revenue Account totaled \$27,302.

Restricted Assets by Purpose:

At March 31, 2012, assets were restricted for various uses as follows:

	<u>Assets</u>
Special Revenue Funds:	
Cemetery Fund (restricted for perpetual care)	\$ 397,289
Debt Service Funds:	
Parks and Recreation Sales Tax Fund	162,123
Library Bonds Debt Service	32,990
Permanent Fund:	
A.B. Chance Memorial Trust Fund (restricted for perpetual care)	266,682
Enterprise Fund:	
Electric Fund	
Debt service	27,302
Customer security deposits	32,940
Water Fund	
Customer security deposits	<u>13,927</u>
Total restricted assets	<u><u>\$ 933,253</u></u>

5. PROPERTY TAX

Property tax revenue is recognized independent of receivable recognition. A receivable is recognizable as of the lien date when the City has an enforceable legal claim while revenue is recognized in the period for which the taxes are levied. Receivables recognized prior to that period are recorded as deferred revenue in both the government-wide and fund statements. Delinquent taxes expected to be received later than 60 days after the close of the fiscal year are also classified as deferred revenue within the governmental fund financial statements because they do not meet the criteria of being available as described in Note 1.

The City's property tax is levied by the City on September 1 on the value of all real and personal property located in the City as of the prior January 1, the lien date. Taxes are billed by November 1 and are considered delinquent after December 31. Property taxes levied in the fiscal year are recognized as receivable and revenue as of that fiscal year end because they meet the recognition requirements. However, no amounts have been recorded as a receivable or deferred revenue for taxes that will be due for property owned on January 1, 2012, because the levy and assessed valuation had not been determined as of March 31, 2012.

The City has entered into an agreement with the County of Boone for collection of property taxes. The County reports collections to the City monthly.

The City's preliminary assessed valuations and tax levies per \$100 assessed valuation of those properties for calendar year 2011 are as follows:

	2011 Calendar Year
Assessed valuation:	
Real estate	\$ 34,392,419
Personal property	10,517,118
State assessed	616,532
	<u>\$ 45,526,069</u>

	<u>Per \$100 Assessed Valuation</u>	
	Maximum Levy Allowed by Law	City's Levy
General Revenue	\$ 0.6624	\$ 0.6624
Parks and Recreation	0.2966	0.2966
Library General Revenue	0.2997	0.2997
Library Debt Service	0.0923	0.0785
		<u>\$ 1.3372</u>

6. INTERFUND TRANSFERS AND RECEIVABLES/PAYABLES

A summary of interfund transfers for the year ended March 31, 2012, follows:

	<u>Transfer Out</u>	<u>Transfer In</u>
Governmental funds:		
General	\$ 21,206	\$ 95,000
Special Revenue:		
Park	1,191	4,389
Debt Service:		
Library Debt Service	-	40
Subtotal - governmental funds	<u>22,397</u>	<u>99,429</u>

	Transfer Out	Transfer In
Enterprise:		
Water	35,757	-
Electric	71,872	32,422
Sanitation	1,825	-
Subtotal - enterprise funds	<u>109,454</u>	<u>32,422</u>
Internal Service	<u>32,422</u>	<u>32,422</u>
	<u>\$ 164,273</u>	<u>\$ 164,273</u>

Transfers are used to move revenues from the fund that budgets or ordinance requires to collect them to the fund that budget or ordinance requires to expend them and to use unrestricted revenues collected in one fund to finance various programs accounted for in other funds in accordance with budgetary authorizations and board approval.

Interfund receivable and payable balances at March 31, 2012 in the fund financial statements resulting from interfund transfers were as follows:

	Interfund Receivable	Interfund Payable	Net
General Fund	\$ 7,565	\$ -	\$ 7,565
Park Fund	-	215	(215)
Electric Fund	-	7,350	(7,350)
Total	<u>\$ 7,565</u>	<u>\$ 7,565</u>	<u>\$ -</u>

The balances due the General Fund from the Electric Fund are from prior utility services. The balance due to the General Fund from the Park Fund represents proceeds from a vehicle sale where the vehicle was originally owned by the street department but sold by the Park Fund. These balances were originated during fiscal year 2011 and were not settled during fiscal year 2012.

7. PROPERTY, PLANT AND EQUIPMENT

A summary of changes in capital assets for the year ended March 31, 2012 is as follows:

	Balance March 31, 2011	Additions	Transfers	Retirements	Balance March 31, 2012
Governmental activities;					
Capital assets, not being depreciated:					
Land	\$ 88,081	\$ -	\$ -	\$ -	\$ 88,081
Right of way	39,305	-	-	-	39,305
Construction in progress	25,053	-	-	-	25,053
Total capital assets, not being depreciated	<u>152,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,439</u>
Capital assets, being depreciated:					
Buildings	3,159,942	-	-	-	3,159,942
Structures other than buildings	32,086	-	-	-	32,086
Equipment	5,242,028	57,875	-	(53,218)	5,246,685
Infrastructure	2,777,173	115,829	-	-	2,893,002
Total capital assets, being depreciated	<u>11,211,229</u>	<u>173,704</u>	<u>-</u>	<u>(53,218)</u>	<u>11,331,715</u>
Less accumulated depreciation:					
Buildings	390,161	89,559	-	-	479,720
Structures other than buildings	129,704	3,410	-	-	133,114
Equipment	2,493,251	180,527	-	(53,218)	2,620,560
Infrastructure	219,067	117,976	-	-	337,043
Total accumulated depreciation	<u>3,232,183</u>	<u>391,472</u>	<u>-</u>	<u>(53,218)</u>	<u>3,570,437</u>
Total capital assets being depreciated, net	<u>7,979,046</u>	<u>(217,768)</u>	<u>-</u>	<u>-</u>	<u>7,761,278</u>
Governmental activities capital assets, net	<u>\$ 8,131,485</u>	<u>\$ (217,768)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,913,717</u>

	2011	Additions	Transfers	Retirements	2012
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 192,374	\$ -	\$ -	\$ -	\$ 192,374
Total capital assets, not being depreciated	<u>192,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,374</u>
Capital assets, being depreciated:					
Buildings	308,098	-	-	-	308,098
Structures other than buildings	12,151,918	-	-	-	12,151,918
Equipment	2,025,911	46,934	-	(52,483)	2,020,362
Total capital assets, being depreciated	<u>14,485,927</u>	<u>46,934</u>	<u>-</u>	<u>(52,483)</u>	<u>14,480,378</u>
Less accumulated depreciation for:					
Buildings	146,508	14,823	-	-	161,331
Structures other than buildings	6,311,056	310,433	-	-	6,621,489
Equipment	1,144,496	132,949	-	(52,483)	1,224,962
Total accumulated depreciation	<u>7,602,060</u>	<u>458,205</u>	<u>-</u>	<u>(52,483)</u>	<u>8,007,782</u>
Total capital assets being depreciated, net	<u>6,883,867</u>	<u>(411,271)</u>	<u>-</u>	<u>-</u>	<u>6,472,596</u>
Business-type activities capital assets, net	<u>\$ 7,076,241</u>	<u>\$ (411,271)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,664,970</u>

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

Governmental activities:

General government	\$ 77,909
Public safety	38,535
Streets	158,923
Parks	52,779
Parks and recreation center	62,256
Cemetery	1,070
	<u>\$ 391,472</u>

Business-type activities:

Water	126,992
Sewer	146,179
Electric	154,319
Sanitation	30,715
	<u>\$ 458,205</u>

8. CAPITAL LEASES PAYABLE

The City has the following leases:

Street and Drainage Lease: In March 2008, the City entered into a lease/purchase agreement with U.S. Bank, N.A. (US Bank) as lessor. The lease/purchase agreement covers stormwater pipe, inlets, asphalt, and concrete used in connection with paving and drainage on Lakeview and Columbia Streets. As of March 31, 2012, improvements of \$546,243 have been capitalized as infrastructure, with \$34,611 of accumulated depreciation. The associated debt is recorded in the Governmental Activities on the Statement of Net Assets.

Community Recreation Center Lease: In August 2008, the City entered into a lease/purchase agreement with UMB Bank, N.A. (UMB) as trustee, lessor, and grantor. The lease/purchase agreement covers the construction of the community recreation center. On the same date, UMB issued \$1,985,000 in Certificates of Participation to third-party investors for undivided, proportionate interest in the rental payments made by the City. The City makes the required payments to UMB, who in turn repays the holders of the certificates.

Incremental sales taxes are projected to produce the debt service requirements over the life of the Certificates. The Certificates bear interest rates at 4.0% to 5.5%. Principal and interest payments are due annually and semi-annually, respectively, through March 2028. For the current year, principal and interest paid and total park and recreation sales tax revenues for the Certificates are \$159,622 and \$182,939, respectively. As of March 31, 2012, improvements of \$2,178,973 have been capitalized as buildings, with \$155,306 of accumulated depreciation. The associated debt is recorded in the Governmental Activities on the Statement of Net Assets.

Electric Substation Lease: In July 2009, the City entered into a lease/purchase agreement with the Missouri Association of Municipal Utilities (MAMU) as lessor with U.S. Bank, N.A. (US Bank) as trustee. The lease/purchase agreement covers the purchase, construction and installation of a new electric substation. As of March 31, 2012, improvements of \$1,591,500 have been capitalized, with \$101,484 of accumulated depreciation. The associated debt is recorded in the Electric Fund on the Statement of Net Assets. The lease/purchase agreement may be prepaid at the City's discretion with a minimum 60 days written notice. If the City chooses to prepay the lease, the prepayment price includes unpaid principal and accrued interest. In addition, because the trustee has entered into an interest rate exchange agreement with respect to the principal with a counterparty, the City would be required to pay any termination amounts attributable to that agreement.

The City has pledged future utility customer revenues to repay the \$1,637,000 electric substation lease. The total principal and interest remaining to be paid on the bonds is \$1,901,812. Principal and interest paid for the current year and total operating electric revenues were \$149,188 and \$3,030,253, respectively.

The lease agreement contains a financial covenant, with which the City was in compliance as of March 31, 2012.

The City is not obligated to levy any form of taxation or otherwise appropriate for payments for the above leases. The lease/purchase agreements are secured by the properties financed with the agreements. The City intends to satisfy its obligation to make rental payments under the lease/purchase agreement for the street and drainage from general revenues, for the community recreation center from the ½ cent sales tax levied for park and recreation purposes and for the electric substation from electric revenues.

These lease/purchase agreements qualify as a capital leases for accounting purposes because ownership transfers at the end of the lease term. Therefore, the leases have been recorded as debt at the present value of the future minimum lease payments as of the date of their inception.

Capital leases payable as of March 31, 2012, are as follows:

	Original Amount	Interest Rate	Maturity Date	Principal Balance 3/31/2012
Governmental activities:				
Street and drainage lease	\$ 550,000	3.47%	April 2012	\$ 144,613
Community recreation center lease	1,985,000	4% - 5.5%	March 2028	1,770,000
Total capital leases - governmental activities				<u>1,914,613</u>
Business-type activities:				
Electric substation lease	1,637,000	3.22%	July 2024	1,429,000
Total capital leases - business-type activities				<u>1,429,000</u>
Total capital leases				<u>\$ 3,343,613</u>

The following is a summary of capital leases payable transactions for the City for the year ended March 31, 2012:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due in one year
Governmental activities:					
Street and drainage lease	\$ 284,377	\$ -	\$ (139,764)	\$ 144,613	\$ 144,613
Community recreation center lease	1,835,000	-	(65,000)	1,770,000	70,000
Less:					
Unamortized lease discount	(23,636)	-	1,390	(22,246)	-
Business-type activities:					
Electric substation lease	1,506,000	-	(77,000)	1,429,000	91,000
Total	<u>\$ 3,601,741</u>	<u>\$ -</u>	<u>\$ (280,374)</u>	<u>\$ 3,321,367</u>	<u>\$ 305,613</u>

As of March 31, 2012, accumulated amortization related to the deferred costs of issuance and discount on the community recreation center lease totaled \$10,380 and \$4,981, respectively.

The following is a schedule of the future minimum lease payments for the above capital lease in aggregate, and the present value of the net minimum lease payments at March 31, 2012.

Year Ending March 31:	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 214,613	\$ 92,547	\$ 307,160	\$ 91,000	\$ 67,296	\$ 158,296
2014	70,000	87,238	157,238	94,000	63,044	157,044
2015	75,000	84,088	159,088	96,000	58,435	154,435
2016	80,000	80,713	160,713	98,000	53,847	151,847
2017	85,000	77,113	162,113	108,000	48,725	156,725
2018-2022	475,000	321,612	796,612	606,000	160,627	766,627
2023-2027	610,000	186,351	796,351	336,000	20,838	356,838
2028	305,000	16,775	321,775	-	-	-
Total	<u>\$1,914,613</u>	<u>\$ 946,437</u>	<u>\$2,861,050</u>	<u>\$1,429,000</u>	<u>\$472,812</u>	<u>\$ 1,901,812</u>

9. BONDS PAYABLE

The following is a summary of bonds payable transactions for the City for the year ended March 31, 2012:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due in one year
Library Bonds, Series 1997	\$ 180,000	\$ -	\$ 25,000	\$ 155,000	\$ 25,000

General Obligation Bonds: On July 15, 1997, the City issued \$350,000 in 1997 Series General Obligation Library Bonds for the City of Centralia Municipal Library District to construct a new library building. The bonds are to be repaid from a property tax levy for bond repayment.

Principal payments are due annually on March 1 through March 1, 2017, in amounts ranging from \$10,000 to \$70,000. Interest payments are due semi-annually on March 1 and September 1, at rates from 4.625% to 5.60%.

Aggregate maturities of the bonds payable are as follows:

Year Ending March 31:	Principal	Interest	Total
2013	\$ 25,000	\$ 8,680	\$ 33,680
2014	30,000	7,280	37,280
2015	30,000	5,600	35,600
2016	35,000	3,920	38,920
2017	35,000	1,960	36,960
Total minimum debt payments	<u>\$ 155,000</u>	<u>\$ 27,440</u>	<u>\$ 182,440</u>

10. RISK MANAGEMENT

The City maintains general insurance coverage for property and casualty, general liability, worker's compensation, inland marine, crime and burglary, automobile, and boiler and machinery. There were no significant reductions in insurance coverage for the past three years.

The following is a summary of insurance coverage specifically for the Water and Sewer Fund as of March 31, 2012:

Carrier	Type	Coverage	Expiration Date	Premium
Chubb Group	Fire and lightning, extended coverage, vandalism and malicious mischief on buildings and contents, 80% co-insurance	\$ 11,079,060	11/1/12	\$ 13,698
Missouri Public Entity Risk Management Fund	Comprehensive general liability*	\$2,000,000/occurrence \$2,000,000/aggregate	12/31/12	\$ 9,443
	Property damage	\$2,000,000/occurrence		
	Bodily injury	\$2,000,000/aggregate		
American States	Inland marine - equipment	\$ 1,090,527	11/1/12	\$ 2,997

* Liability coverage pertains to all City operations, but excludes coverage on automobiles. Liability premium is the computed premium pertaining only to the Waterworks and Sewerage Systems.

11. COMMITMENTS AND CONTINGENCIES

A. Landfill

State and federal laws and regulations require that the City place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. The City closed its landfill in April, 1994. As of March 31, 2012, the City had recorded \$81,825 in estimated closure and post-closure costs. The estimated total closure and post-closure care costs are based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of March 31, 2012. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

B. Litigation

From time to time the City is a party to claims and/or lawsuits as a result of various matters and complaints arising in the ordinary course of City activities. The City's management and legal counsel anticipate that potential settlements and judgments not covered by insurance, if any, resulting from such matters would not materially affect the financial position of the City.

C. Electricity Commitments

The City is a member of the Missouri Joint Municipal Electric Utility Commission (MJMEUC). Through its membership in MJMEUC, the City entered into a long-term agreement for the purchase of electric power from the Prairie State Energy Campus (Prairie State). Prairie State consists of two 800 Megawatt (MW) coal-fueled power plants currently under construction in Washington County, Illinois. MJMEUC has a 12.33% proportionate ownership interest in the power plants, and is therefore committed to fund its proportional share of the development and construction, as well as the operating and plant closure costs. MJMEUC will recover

these costs through commitments with its members, including the City of Centralia, under life-of-unit take or pay unit power purchase agreements. Under its agreement with MJMEUC, the City will pay to MJMEUC 1.03% of MJMEUC's proportionate costs of Prairie State, and be entitled to 1.03% of MJMEUC's proportionate share of the MW capacity and power of the plants. The City's commitment ends when the power units are taken out of service for purposes of retirement and decommissioning. Prairie State unit 1 went in service for commercial production in June 2012. Unit 2 is expected to be placed in service in late 2012.

As an interim source for electric wholesale power until the Prairie State Energy Campus is operating, the City had been purchasing electric wholesale power from Ameren under full requirements agreements. The agreement with Ameren Energy Marketing Company was effective January 1, 2009, and ran through December 31, 2011. Under this agreement, Ameren Energy Marketing Company provided the City with the energy required to meet the capacity and energy needs of the City up to a maximum hourly demand of ten megawatts. Power charges were \$68 per megawatt hour to the delivery point specified in the agreement. The City was responsible for all costs of transmission, distribution, scheduling, reactive power and ancillary services from the delivery point. Electric wholesale power prices under this agreement were based upon the City's historical load and projected consumption for the costs of delivering the wholesale power, which increased 81% from the ten year AmerenUE agreement that ended December 31, 2008. To fund its increased costs of power, the City increased charges to its customers by 41% beginning January 1, 2009.

In 2010, the City entered into a second contract with Ameren Energy Marketing for purchase of all-requirements wholesale power for the period January 1, 2012 through December 31, 2014. This contract is supplemented by an agreement among City and the cities of Hannibal, Kahoka, and Marceline for use of power generation capacity credits. The basic charge of power in the new contract will be \$43.40 per megawatt hour for energy. With various ancillary market costs and the capacity agreement, the total cost will be slightly above \$47.00 per megawatt hour. During the term of the contract, the City intends to sell its share of power from the Prairie State Energy Campus into the MISO electric market. The projected cost of power from Prairie State is estimated to be near \$57.00. So long as the actual short-run market cost is below that price, \$57.00 per megawatt hour will be the effective cost to City for the first two megawatts of its base load. This will translate into a blended rate of about \$51.00 per megawatt hour.

In 2012, the City entered into a third contract with Ameren Energy Marketing for purchase of all-requirements wholesale power for the period January 1, 2012 through December 31, 2016. During this period, there is no need for supplemental contracts with the other three cities. The basic charge of power in the new contract will be \$41.69 per megawatt hour. The City intends to continue to sell its share of power from Prairie State into the MISO market.

D. Other Commitments

In December 2011, the City entered into an agreement with Ecco Electric, LLC for the purchase of a SCADA water system. Contract payments for the year ended March 31, 2012 were \$42,650. The total contract payments remaining to be paid as of March 31, 2012 were \$51,894.

12. INTERGOVERNMENTAL REVENUE

The City receives financial assistance from numerous federal, state, and local governmental agencies in the form of grants. Federal and state grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits

could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements or the individual fund-types included herein or on the overall financial position of the City as of March 31, 2012.

13. PENSION PLAN

A. Plan Description

The City of Centralia participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri.

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by state statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt. The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or calling 1-800-447-4334.

B. Funding Status

The City of Centralia's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rate is 6.0% (general) and 0.4% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

C. Annual Pension Cost (APC) and Net Pension Obligation (NPO)

For LAGERS fiscal year ended June 30, 2011, the City's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 80,067
Interest on net pension obligation	776
Adjustment to annual required contribution	(810)
Annual pension cost	<u>80,033</u>
Actual contributions	<u>45,478</u>
Increase (decrease) in NPO	34,555
NPO beginning of year	<u>10,346</u>
NPO end of year	<u><u>\$ 44,901</u></u>

The City has elected not to record the net pension obligation as of March 31, 2012, due to its immateriality to the City as a whole.

The annual required contribution was determined as part of the February 28, 2009 and February 28, 2010 annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2011 included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to

inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age, attributable to seniority/merit (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2009 was 30 years for the General division and 11 years for the Police division. The amortization period as of February 28, 2010 was 30 years for the General division and 21 years for the Police division.

Three-Year Trend Information

LAGERS Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/09	40,476	100%	-
6/30/10	48,347	79%	10,346
6/30/11	80,033	57%	44,901

Funding Status

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/11	\$ 2,094,703	\$ 1,944,948	\$ (149,755)	108%	\$ 989,453	-15%

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, contact the LAGERS office in Jefferson City.

The required schedule of funding progress included in required supplemental information immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CENTRALIA
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
Year Ended March 31, 2012

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES:				
Taxes	\$ 1,190,089	\$ 1,137,900	\$ 1,137,900	\$ 52,189
Licenses and permits	20,477	13,900	13,900	6,577
Charges for services	847	1,300	1,300	(453)
Intergovernmental revenues	202,499	187,963	187,963	14,536
Fines and forfeitures	16,356	18,800	18,800	(2,444)
Miscellaneous	8,015	100,033	100,033	(92,018)
Total revenues	<u>1,438,283</u>	<u>1,459,896</u>	<u>1,459,896</u>	<u>(21,613)</u>
EXPENDITURES:				
General government	312,244	341,802	341,802	29,558
Public safety	865,707	867,137	867,137	1,430
Public works	229,159	354,244	354,244	125,085
Community planning and economic development	28,627	18,097	18,097	(10,530)
Miscellaneous	-	459,706	459,706	459,706
Capital outlay	54,311	-	-	(54,311)
Total expenditures	<u>1,490,048</u>	<u>2,040,986</u>	<u>2,040,986</u>	<u>550,938</u>
Excess (deficiency) of revenues over expenditures	<u>(51,765)</u>	<u>(581,090)</u>	<u>(581,090)</u>	<u>529,325</u>
OTHER FINANCING SOURCES (USES):				
Operating transfers in	95,000	-	-	95,000
Operating transfers (out)	(21,206)	-	-	(21,206)
Total other financing sources (uses)	<u>73,794</u>	<u>-</u>	<u>-</u>	<u>73,794</u>
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	<u>\$ 22,029</u>	<u>\$ (581,090)</u>	<u>\$ (581,090)</u>	<u>\$ 603,119</u>

See accompanying independent auditors' report.

CITY OF CENTRALIA

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
PENSION PLAN – TREND INFORMATION**

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/09	\$ 1,892,711	\$ 1,836,210	\$ (56,501)	103%	\$ 1,084,575	-5%
2/28/10	2,059,883	1,913,746	(146,137)	108%	1,036,269	-14%
2/28/11	2,094,703	1,944,948	(149,755)	108%	989,453	-15%

The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2011 annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, contact the LAGERS office in Jefferson City.

SUPPLEMENTARY INFORMATION

CITY OF CENTRALIA
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
March 31, 2012

	Special Revenue										Debt Service	Permanent	Capital Projects	
	Pool Fund	Park Fund	Parks and Rec Center Fund	Cemetery Fund	Transportation Sales Tax Fund	Avenue of Flags Fund	Parks and Rec Sales Tax Fund	Library Bonds Debt Service Fund	A.B. Chance Memorial Fund	Fire Equipment Fund				
ASSETS														
Cash and cash equivalents	\$ 916	\$ 122,939	\$ 135,484	\$ 10,922	\$ 157,809	\$ 9,270	\$ 37,500	\$ -	\$ -	\$ 40,635	\$ 515,475			
Accounts receivable	-	579	-	1,035	-	-	-	80	1,005	-	2,699			
Taxes receivable	-	9,257	-	-	25,503	-	25,503	2,156	-	-	62,419			
Contribution receivable	-	-	-	1,534	-	-	-	-	-	-	1,534			
Restricted assets	-	-	-	-	-	-	-	-	-	-	-			
Cash and cash equivalents	-	-	-	397,289	-	-	-	32,990	4,782	-	435,061			
Investments	-	-	-	-	-	-	162,123	-	261,900	-	424,023			
TOTAL ASSETS	\$ 916	\$ 132,775	\$ 135,484	\$ 410,780	\$ 183,312	\$ 9,270	\$ 225,126	\$ 35,226	\$ 267,687	\$ 40,635	\$ 1,441,211			
LIABILITIES AND FUND BALANCES														
LIABILITIES														
Accounts payable	\$ 22,996	\$ 4,612	\$ -	\$ 5,046	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,654			
Due to other funds	-	215	-	-	-	-	-	-	-	-	215			
Deferred revenue	-	8,285	32,613	-	-	-	-	1,892	-	-	42,790			
Total liabilities	22,996	13,112	32,613	5,046	-	-	-	1,892	-	-	75,659			
FUND BALANCES														
Restricted for:														
Debt service	-	-	-	-	147,122	-	225,126	33,334	-	-	405,582			
Culture and recreation	-	119,663	-	-	-	9,270	-	-	-	-	128,933			
Perpetual care	-	-	-	397,289	-	-	-	-	267,687	-	664,976			
Capital projects	-	-	-	-	36,190	-	-	-	-	-	36,190			
Committed for:														
Culture and recreation	-	-	102,871	-	-	-	-	-	-	-	102,871			
Perpetual care	-	-	-	8,445	-	-	-	-	-	-	8,445			
Capital projects	-	-	-	-	-	-	-	-	-	40,635	40,635			
Unassigned	(22,080)	-	-	-	-	-	-	-	-	-	(22,080)			
Total fund balances	(22,080)	119,663	102,871	405,734	183,312	9,270	225,126	33,334	267,687	40,635	1,365,552			
TOTAL LIABILITIES AND FUND EQUITY	\$ 916	\$ 132,775	\$ 135,484	\$ 410,780	\$ 183,312	\$ 9,270	\$ 225,126	\$ 35,226	\$ 267,687	\$ 40,635	\$ 1,441,211			

CITY OF CENTRALIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
Year Ended March 31, 2012

	Special Revenue										Debt Service	Permanent	Capital Projects	
	Pool Fund	Park Fund	Parks and Rec Center Fund	Cemetery Fund	Sales Tax Fund	Transportation	Avenue of Flags Fund	Parks and Rec Sales Tax Fund	Library Bonds Debt Service Fund	A.B. Chance Memorial Fund				Fire Equipment Fund
REVENUES:														
Taxes	\$ -	\$ 178,432	\$ -	\$ -	\$ 182,940	\$ -	\$ 182,940	\$ -	\$ 34,922	\$ -	\$ 1,638	\$ 580,871		
Charges for services	86,237	12,847	221,457	9,025	-	-	-	-	-	-	-	329,566		
Intergovernmental revenues	-	-	-	-	62,563	-	-	-	-	-	-	62,563		
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-		
Interest	-	393	599	2,863	619	58	449	15	777	777	240	6,013		
Contributions	-	1,750	-	2,568	-	2,603	1,000	-	-	-	-	7,921		
Other	-	672	14	4,950	-	-	-	-	-	-	-	5,636		
TOTAL REVENUES	86,237	194,094	222,070	19,406	246,122	2,661	184,388	34,937	777	1,878	1,878	992,570		
EXPENDITURES:														
Culture and recreation	108,317	178,827	150,724	-	-	3,484	-	-	-	-	-	441,352		
Cemetery	-	-	-	35,371	-	-	-	-	-	7,171	-	42,542		
Capital outlay	-	3,564	-	-	115,829	-	-	-	-	-	-	119,393		
Debt service	-	-	-	-	147,207	-	159,622	35,030	-	-	-	341,859		
Total expenditures	108,317	182,391	150,724	35,371	263,036	3,484	159,622	35,030	7,171	-	-	945,146		
Excess (deficiency) of revenues over expenditures	(22,080)	11,703	71,346	(15,965)	(16,914)	(823)	24,766	(93)	(6,394)	1,878	1,878	47,424		
OTHER FINANCING SOURCES (USES)														
Operating transfers in	-	4,389	-	-	-	-	-	-	-	-	-	4,429		
Operating transfers (out)	-	(1,191)	-	-	-	-	-	-	-	-	-	(1,191)		
Total other financing sources (uses)	-	3,198	-	-	-	-	-	40	-	-	-	3,238		
Excess (deficiency) of revenues and other financing sources (uses) over expenditures	(22,080)	14,901	71,346	(15,965)	(16,914)	(823)	24,766	(53)	(6,394)	1,878	1,878	50,662		
Fund balances, April 1	-	104,762	31,525	421,699	200,226	10,093	200,360	33,387	274,081	38,757	38,757	1,314,890		
FUND BALANCES, MARCH 31, 2011	\$ (22,080)	\$ 119,663	\$ 102,871	\$ 405,734	\$ 183,312	\$ 9,270	\$ 225,126	\$ 33,334	\$ 267,687	\$ 40,635	\$ 40,635	\$ 1,365,552		