COMMUNICATION TO THE BOARD OF ALDERMAN

CITY OF CENTRALIA

CENTRALIA, MISSOURI

MARCH 31, 2014

WILLIAMS KEEPERS LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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July 17, 2014

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, 2014, and have issued our report thereon dated July 17, 2014. 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 August 19, 2013, 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.

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.

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 City 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 City or to acts by management or employees acting on behalf of the City.

We performed the audit according to the planned scope and timing previously communicated to you 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 was not changed during the year ended March 31, 2014. 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.

During the year ended March 31, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statements No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, and No. 65, *Items Previously Reported as Assets and Liabilities*. GASB No. 61 modified the requirements for inclusion of component units, amended the blending criteria for reporting component units, and required additional disclosure of condensed information in the footnotes. There was no significant impact on the financial statements as a result of this implementation. The objective of GASB No. 65 is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities, and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. As a result of implementation, the cumulative effect of the accounting change as of the beginning of the year is described in Note 15 to the financial statements. This cumulative change resulted in a reduction of beginning net position of $43,446 and $18,722 in governmental activities and the Electric Fund (included in the proprietary funds and business-type activities), respectively, due to the write-off of debt issuance costs.

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 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 the allowance for doubtful accounts is based on historical revenues, historical loss levels, and analysis of collectibility of individual customer accounts. In addition, 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 estimated depreciable lives for property, plant and equipment are 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 property, plant and equipment; debt; and commitments and contingencies.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing 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 some 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, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated July 17, 2014.

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 Matters

We applied certain limited procedures to the management's discussions and analysis, budgetary comparison schedule, and pension plan trend information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the non-major governmental funds combining balance sheet and combining statement of revenues, expenditures, and changes in fund balances, which accompany the financial statements but are not RSI. With respect to this supplementary information, 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.

Restriction on Use

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, and should not be, used by anyone other than these specified parties.

Sincerely,

Williams Keepers LLC

WILLIAMS-KEEPERS LLC

CITY OF CENTRALIA
Passed Adjusting Journal Entries (PAJEs)
March 31, 2014

PAJE No.	Account Description	Entry Debit	Entry Credit	Allocated by Fund Debit (Credit) General Fund	GASB 34 Fund	Enterprise Funds	Internal Service Fund
1	Due from Other Funds (asset)	$ 84,131	$ -	$ -	$ -	$ -	$ 84,131
	Prepaid Expenses (asset)	84,131	-	56,914	-	27,217	-
	Due to Other Funds (liability)	-	84,131	-	-	-	(84,131)
	Fund Balance - Beginning	-	60,817	(60,817)	-	-	-
	Retained Earnings - Beginning	-	28,908	-	-	(28,908)	-
	Employee Benefit Expense	5,594	-	3,903	-	1,691	-
	To adjust accrued health insurance and accrued workman's compensation in accordance with Generally Accepted Accounting Principles.						
2	Prepaid Insurance Expense (asset)	45,832	-	14,897	-	15,437	15,498
	Insurance Expense	51	-	420	-	517	(886)
	Fund Balance - Beginning	-	15,317	(15,317)	-	-	-
	Retained Earnings - Beginning	-	30,566	-	-	(15,954)	(14,612)
	To record prepaid insurance as of March 31, 2014.						
3	Employee Benefit Expense	17,653	-	-	9,150	8,503	-
	Fund Balance - Beginning	36,061	-	-	36,061	-	-
	Retained Earnings - Beginning	33,515	-	-	-	33,515	-
	LAGERS NPO (liability)	-	87,229	-	(45,211)	(42,018)	-
	To record the LAGERS net pension obligation as of March 31, 2014.						
	Totals	$ 306,968	$ 306,968	$ -	$ -	$ -	$ -

REPORT OF

CITY OF CENTRALIA

MARCH 31, 2014

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Centralia, Missouri (the City), as of and for the year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Change in Accounting Principle

As discussed in Note 15 to the financial statements, during the year ended March 31, 2014, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis, budgetary comparison information, and pension plan trend 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. 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.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic 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 basic financial statements as a whole.

Williams Keepers LLC

July 17, 2014

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, 2014. The financial statements for the City of Centralia have been prepared in accordance with the guidelines prescribed in GASB Statements 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 $15,503,660. Of this amount, $3,090,878 may be used to meet the government's ongoing obligations to citizens and creditors without limitations.

- The City's total net position (as restated) increased by $11,730, compared to an increase in the prior year of $77,948. The City made considerable investment in capital assets and reduced total debt obligations, but much of this was offset by the ongoing depreciation of existing assets, particularly within the waste water utility. The City also temporarily absorbed a substantial increase in unanticipated charges for transmission of whole electric power.

- At the close of the current fiscal year, the City of Centralia's governmental funds reported combined ending fund balances of $2,005,968, an increase of $48,011 in comparison with the prior year. Approximately 25.3% of this total amount is *available for spending* at the government's discretion (*unassigned fund balance).*

- At the end of the current fiscal year, the unassigned fund balance for the General Fund was $526,511, or 34.4% of total general fund expenditures.

- The total bonded debt for the City of Centralia decreased by $30,000 (23.1%) during the current fiscal year, through a payment on the Library Bond issue. No new bonds were issued during this fiscal year. The City has fourteen years remaining of a lease-purchase contract (principal of $1,630,000) to finance construction of a community recreation center. Just over ten years remain on a lease-purchase contract to fund construction of an electric substation (principal of $1,244,000).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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 position* presents information on all of the City of Centralia's assets and liabilities, with the difference between the two reported as *net position.* Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 in 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 for 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 functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a 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 the 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. They provide the reader with clarifying explanations and financial details. Information is also included which provides a record of insurance coverage for the City of Centralia. The notes to the financial statements can be found on pages 26-45 of this report.

The financial statements also include certain *required supplementary information* concerning the City of Centralia's General Fund budget, as well as progress in funding its obligation to provide pension benefits to its employees. This information can be found on pages 46 and 47.

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 are considered *supplementary information and* can be found on pages 48 and 49 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. As noted earlier, net position 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 $15,503,660 at the close of the most recent fiscal year.

By far the largest portion of the City of Centralia's net position (72.4%) 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 position (7.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* ($3,090,878) may be used to meet the government's ongoing obligations to citizens and creditors. The City only slightly increased its investments in new capital constructions in the last fiscal year. Therefore, the impact of (non-cash) depreciation expenses 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 Position

	Governmental Activities		Business-type Activities		Total	
	2013 (as restated)	2014	2013 (as restated)	2014	2013 (as restated)	2014
Current and other assets	$ 2,517,302	$ 2,611,647	$ 2,513,576	$ 2,443,521	$ 5,030,878	$ 5,055,168
Capital assets	7,892,706	7,915,069	6,460,615	6,249,025	14,353,321	14,164,094
Total assets	10,410,008	10,526,716	8,974,191	8,692,546	19,384,199	19,219,262
Current liabilities	175,231	198,284	343,851	353,662	519,082	551,946
Long-term liabilities	1,931,162	1,823,697	1,442,025	1,339,959	3,373,187	3,163,656
Total liabilities	2,106,393	2,021,981	1,785,876	1,693,621	3,892,269	3,715,602
Net position						
Net investment in capital assets	6,127,008	6,204,535	5,154,821	5,018,509	11,281,829	11,223,044
Restricted	1,250,785	1,189,738	-	-	1,250,785	1,189,738
Unrestricted	925,822	1,110,462	2,033,494	1,980,416	2,959,316	3,090,878
Total net position	$ 8,303,615	$ 8,504,735	$ 7,188,315	$ 6,998,925	$ 15,491,930	$ 15,503,660

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

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

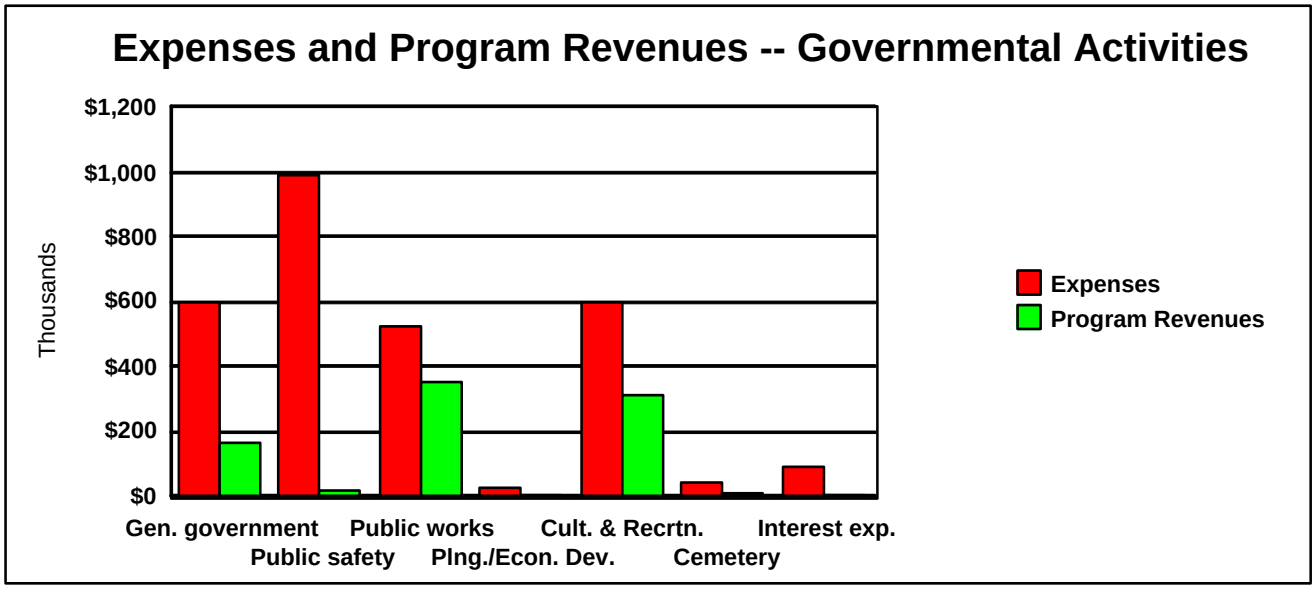
Governmental activities. Governmental activities increased net position by $201,120, compared to a decrease of $189,390 in business-type net position, resulting in an increase of $11,730 in the total net position of the City of Centralia. This over-all increase in total net position reflects an increase of 2.4% for governmental activities, compared to a 2.6% decrease for business-type activities. Key elements of this increase are as follows:

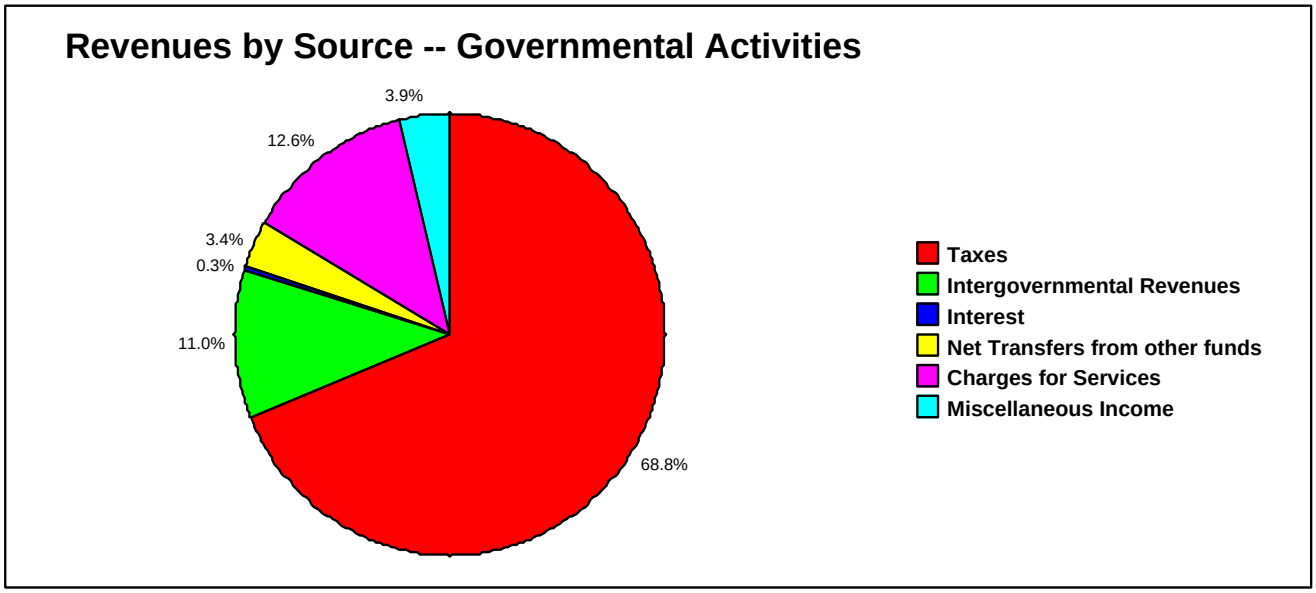
- Sales taxes increased at a pace that mirrored inflation rates for the previous year. Property taxes increased by 5.7% over the preceding year. The assessed valuation for most classes of real property grew due to new construction. The valuation of personal property increased modestly, as the addition of newer automobiles more than offset the depreciation of manufacturing equipment and tools previously installed by the City's major industry. The City's total property tax levy increased to $1.3405 per $100 of assessed valuation, compared to $1.3372 the preceding year. Excluding the levy for the Centralia Library (not included in these financial statements), the rates were $1.0405 in the present year and $1.0375 for the previous year.

- With the extinguishment of outstanding lease-purchase obligations in the previous fiscal year, the City was able to accumulate a balance in the Transportation Sales Tax Fund and proceed with a major capital street construction project.

- A regular capital grant from Boone County for street purposes was consistent with the previous year. A decrease in capital grants for public safety purposes was offset by a new grant for police operations.

- Operation of the City's recreation center is self-supporting. Service charges were sufficient to cover operational losses for the swimming pool and still 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 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 position by $189,390. Key elements of this decrease are as follows:

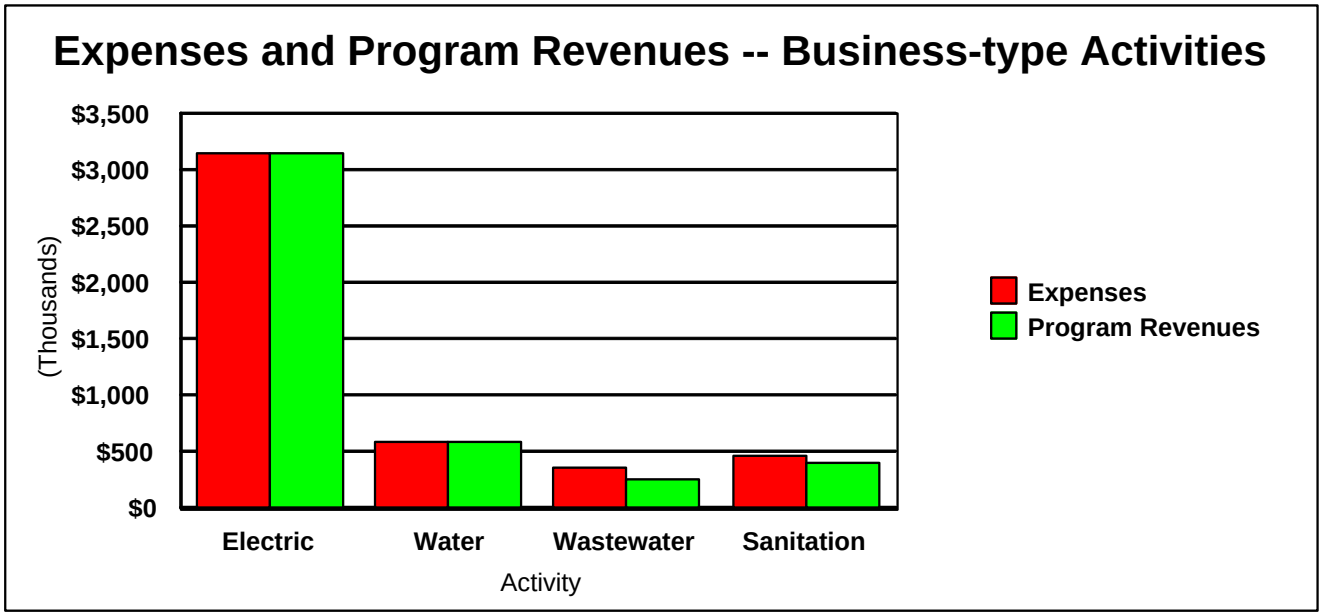
- Revenues from charges for electric power rose due to a rate increase in the final months of the fiscal year. The increase was adopted to offset an unplanned, permanent increase in the cost of transmission of wholesale power to the City. Water revenues and expenditures decreased slightly, principally a result of manufacturing process changes at the City's major industrial customer. Water, sewer, and solid waste collection rates all remained constant.

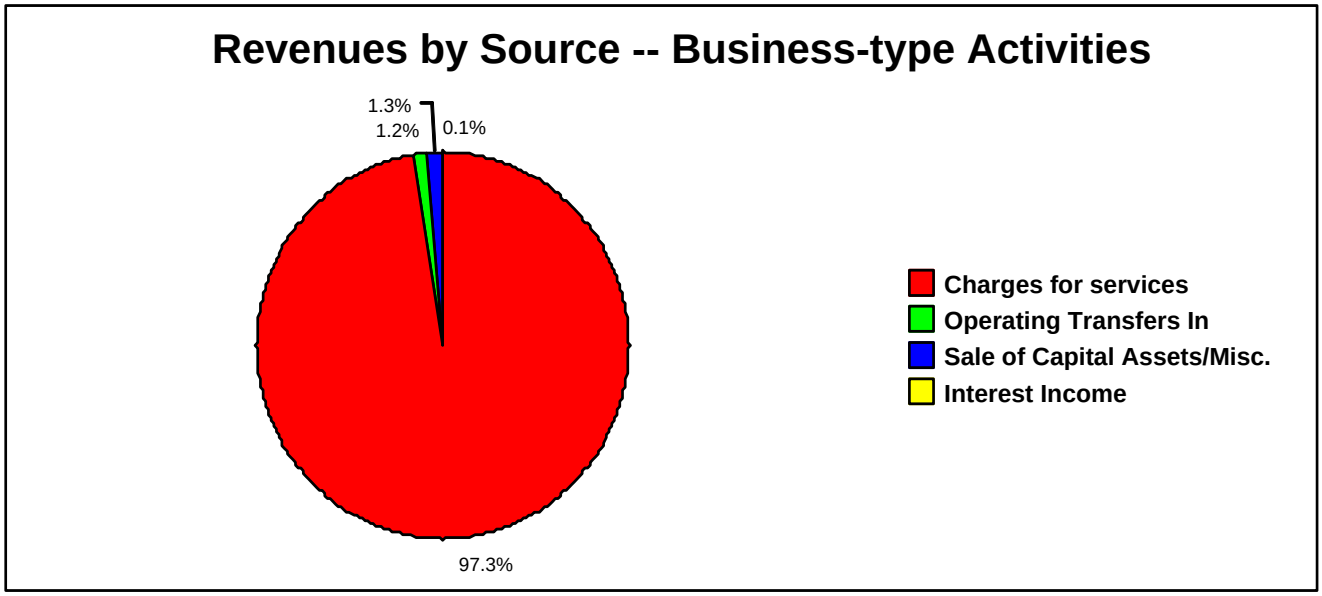
- Revenues for the Sanitation Fund rose to match the increase in customer accounts, but the City used some of the fund's reserves to pay for the replacement of a fire-damaged refuse truck.

- Investment revenue on significant cash balances remained low, reflecting national interest rates.

- The Sewer Fund expenditures rose significantly compared to the previous year, as the utility paid for another round of slip lining for several aged sewer mains. Financing for the project included use of fund reserves set aside from the previous fiscal year.

- Only a modest amount of land development occurred, so there was little dedication of improvements and additions to the utilities' treatment, distribution and collection systems. Capital assets for the aggregated utility funds decreased by $211,590 during the year. Although $324,871 in new capital assets were acquired, existing proprietary fund assets depreciated by $536,461 over the same period.





City of Centralia's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
Revenues:	2013 (as restated)	2014	2013 (as restated)	2014	2013 (as restated)	2014
Program Revenues:						
Charges for services	$ 786,106	$ 830,586	$ 4,392,456	$ 4,407,074	$ 5,178,562	$ 5,237,660
Capital grants	85,262	69,719	-	-	85,262	69,719
Operating grants	3,662	29,056	923	297	4,585	29,353
General revenues:						
Property taxes	473,344	500,339	-	-	473,344	500,339
Sales taxes	806,889	820,315	-	-	806,889	820,315
Gross receipts	411,673	457,456	-	-	411,673	457,456
Surcharge	110,206	105,253	-	-	110,206	105,253
Gas and motor fuel tax	102,269	102,857	-	-	102,269	102,857
Miscellaneous	5,342	6,209	-	1,522	5,342	7,731
County payments	50,699	52,520	-	-	50,699	52,520
Miscellaneous - other income	-	-	-	59,284	-	59,284
Contributed capital	20,989	10,215	-	-	20,989	10,215
Gain on sale of capital assets	3,640	16,752	-	-	3,640	16,752
Interest income	7,947	9,062	6,702	6,211	14,649	15,273
Net transfers in (out)	110,492	89,801	(112,731)	(89,801)	(2,239)	-
Total revenues	2,978,520	3,100,140	4,287,350	4,384,587	7,265,870	7,484,727
Expenses:						
General government	599,072	602,440	-	-	599,072	602,440
Public safety	849,968	984,943	-	-	849,968	984,943
Public works	651,387	534,918	-	-	651,387	534,918
Community planning and economic development	19,699	28,777	-	-	19,699	28,777
Culture and recreation	557,610	601,093	-	-	557,610	601,093
Cemetery	53,364	48,904	-	-	53,364	48,904
Interest expense	105,167	97,945	-	-	105,167	97,945
Electric	-	-	3,007,774	3,157,665	3,007,774	3,157,665
Water	-	-	607,321	590,761	607,321	590,761
Wastewater	-	-	331,639	362,212	331,639	362,212
Sanitation	-	-	424,116	463,339	424,116	463,339
Total expenses	2,836,267	2,899,020	4,370,850	4,573,977	7,207,117	7,472,997
Increase in net position	142,253	201,120	(83,500)	(189,390)	58,753	11,730
Net position, beginning	8,161,362	8,303,615	7,271,815	7,188,315	15,433,177	15,491,930
Net position, ending	$ 8,303,615	$ 8,504,735	$ 7,188,315	$ 6,998,925	$ 15,491,930	$ 15,503,660

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, *unrestricted, spendable 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 $2,005,968, an increase of $48,011 in comparison with the prior year. Approximately 25.3% of this total amount ($508,325) constitutes an *unassigned fund balance*, which is available for spending at the government's discretion. Most of the remainder of fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed to pay debt service ($318,286), to generate income to pay for the perpetual care of the municipal cemetery

formerly earmarked certain funds for future equipment replacement and construction projects. 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 $661,039. A portion of this balance is committed for capital construction ($134,528), 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 34.4% percent of total General Fund expenditures.

The fund balance of the City of Centralia's General Fund increased by $104,040 during the current fiscal year. Key components in this change are:

- Revenue from property taxes was moderately above budget expectations and slightly above taxes from the previous fiscal year. Gross receipts taxes on electric, natural gas, and cable television services increased, reflecting increased utility usage. Sales taxes were near budget targets and only about 1.1% above the previous year. State-collected motor fuels taxes were static, whereas those on auto sales increased. Court fine receipts were above both budget and collections from the preceding year.

- The General Fund received a transfer from the Electric Fund of $80,000 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 City postponed expenditures for a pickup and sidewalk and stormsewer improvements to the 2014-2015 fiscal year.

The Centralia Recreation Center completed its fourth full year in operation. Expenditures on the facility remained low; membership remained high; and the Center was again able to substantially add to the fund balance. Proceeds to the Parks and Recreation Sales Tax Fund paid the fifth year's principal ($70,000) and interest ($87,238) requirements on the Center's capital lease.

The Transportation Sales Tax Fund has a fund balance of $112,529. Previous balances and revenue to this fund paid for approximately $340,360 in street improvements.

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

Unrestricted net position for the Water Fund at the end of the fiscal year amounted to $459,063; those for the Sewer Fund amounted to $147,455; those for the Electric Fund amounted to $1,304,656; and those for the Sanitation Fund amounted to $69,242. 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 liquidated $23,038 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 budgeted for various activities and functions include:

- Overall, most activities had expenses lower than budgeted–a result of low utility costs for City facilities and cautious purchasing practices, which more than ameliorated increases in employee health insurance.

- Expenditures for the protective inspection activity were approximately $13,000 more than budgeted. This reflects county charges for building inspections of several commercial projects. However, this expenditure was balanced by a corresponding increase in revenues from permit fees.

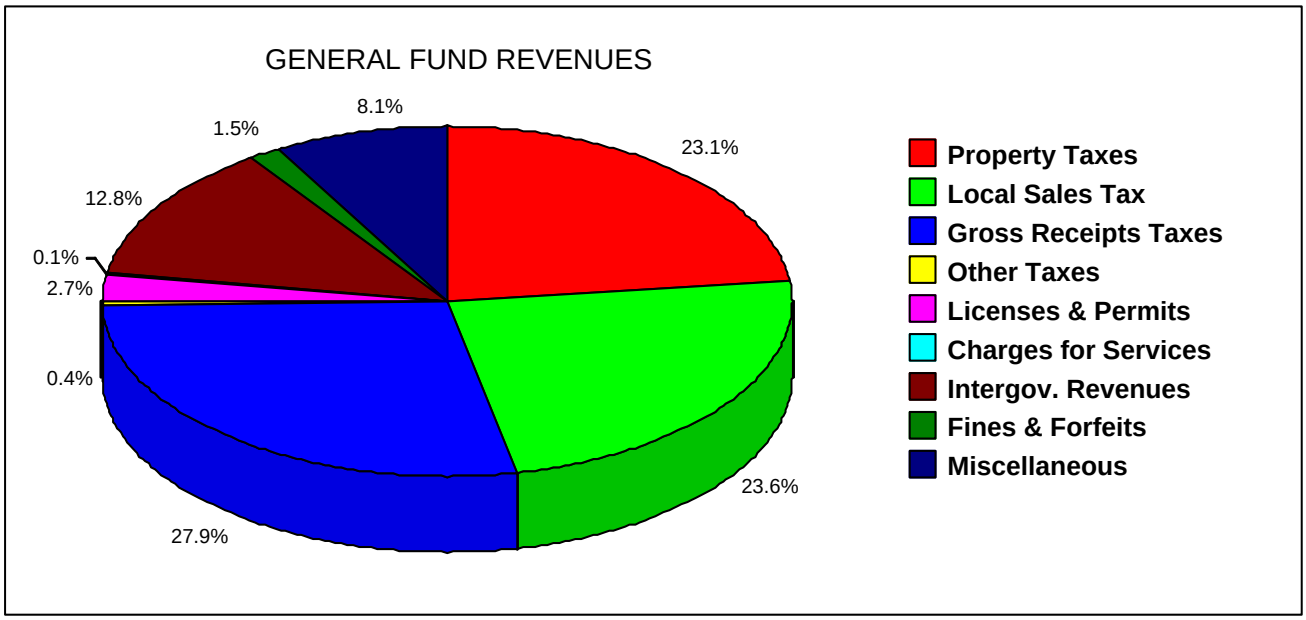
- Because of employee turnover, the police department had higher personnel and training expenses than anticipated for both patrol officers and dispatchers. This was somewhat ameliorated by a delay in charging hours for the school resources officer position.

- The City did not tap into budgeted contingency reserves, nor funds escrowed for the future construction of specific streets.

- The City incurred less material expenditures for snow removal than was originally projected, but devoted higher than anticipated personnel effort to that activity. A temporary manpower shortage for the street department delayed planned maintenance work on sidewalks and stormsewers. Also, delivery of a new pickup truck was delayed into the next fiscal year.

Actual General Fund revenues (including inter-fund transfers) exceeded budgeted targets by $60,667, approximately 3.8% above the projected total. However, revenues from electric utility gross receipts taxes, state assessed fuel taxes, and interest were less than budget expectations. Sales taxes slightly exceeded the budget target. Total expenditures and transfers out were approximately $534,914 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 44.8% of budgeted 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, 2014, amounts to $11,223,044 (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 0.5% (a 1.3% increase for governmental activities and a 2.6% decrease for business-type activities).

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

- $69,750 was spent to replace a fully-depreciated backhoe; and $162,045 was spent to replace a newer sanitation compactor truck that was destroyed by fire.
- $364,030 was spent to totally reconstruct four blocks of Switzler Street.
- $78,508 was spent on the initial development of a geographic-based information system for the water, wastewater, and electric utilities, plus the partial transfer of data for the City's cemetery.
- The police department replaced two old patrol cars and one four-wheel drive utility vehicle with low-mileage cars purchased from the Missouri Highway Patrol for a total of $48,650.
- Street right-of-way was dedicated to the City at an estimated $10,215 and $20,234 was spent on utility construction for Southwest Country Estates Plat 3.
- The electric utility also replaced older, aerial lines with buried circuits at a cost of $62,804.

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 $100,000. 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

Fiscal Year	Library Bonds Principal	Interest
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 reserve balance of $27,940, sufficient to meet a large portion of the debt services requirement of $35,600 in 2014-2015. Although interest income from investment of fund reserves has not met original projections, the revenue from the designated property tax levy has grown faster than projected. The 2014 levy should not exceed that of 2013 ($.0785 per $100 of assessed valuation). The levy should probably remain stable for the remaining three-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 $2,351,020, based on a final assessed

valuation for 2013 of $47,020,403. This is significantly in excess of the City of Centralia's outstanding general obligation debt.

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

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 $1,630,000 by March 31, 2014. Future principal and interest payments include: $159,088 in 2014-15, $160,713 in 2015-16, $162,113 in 2016-17, $158,075 in 2017-18, and $159,038 in 2018-19. 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 $162,113 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 Parks and Rec Sales Tax Fund. 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 $1,244,000 by March 31, 2014. Future monthly principal and interest payments should not exceed a total of: $154,435 in 2014-15, $151,847 in 2015-16, $156,725 in 2016-17, $151,582 in 2017-18, and $156,131 in 2018-19. 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 estimates. 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 9 on pages 39-41 of the Notes to the Financial Statements. Additional information on long-term debt can be found in Note 10 on pages 41and 42.

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 4.0 % (not seasonally adjusted) for April 2014. Planned employment growth in the education and health sectors in the City of Columbia are coming on line. Student enrollment at the University of Missouri reached all-time highs in 2012 and 2013. These events should have a positive impact on Centralia, which is a part of the Columbia/Boone County labor and housing market. During 2013, the local Chevrolet dealer completed its relocation to new, larger facilities on Highway 22. At the end of 2013, a large lumber and hardware dealer began a similar move to new, larger buildings on Highway 22. In early 2013, Hubbell/Chance (Centralia's principal employer) announced a multi-year project to expand and update facilities. Phase One of the project was completed in that period.

- Sales tax cash revenues increased by about 1.1% in fiscal year 2013-2014, 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 $390,372 for 2014-2015, and receipts in the early months of the new fiscal year are close to monthly targets.

General Fund Sales Tax
Cash Receipts by Fiscal Year

2008-2009	$336,681
2009-2010	$329,646
2010-2011	$339,774
2011-2012	$365,876
2012-2013	$382,902
2013-2014	$387,035

- The local housing market has shown slow, steady growth, not 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:

2009	18 units
2010	14 units
2011	24 units
2012	19 units
2013	21 units

Permits for 18 new units have been issued through June of 2014.

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

Fiscal Year	Real Estate Valuation	Total Valuation
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	$34,979,368	$46,072,039
2013-2014	$35,126,345	$47,020,403

During the current fiscal year, unrestricted fund balance in the General Fund increased to $661,039. The City of Centralia has appropriated $177,399 of this amount for spending in the 2014-2015 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 unrestricted fund balance of at least $483,640 (to allow for contingencies and cash flow). The budget for the 2014-2015 fiscal year anticipates that total transfers from the Electric and Water Funds in the next year will be $90,000, a decrease of $20,000 from the 2013-14 fiscal year. A decision from the Missouri Supreme Court has reaffirmed the right of cities to make prudent transfers from utility "profits."

The rates for water, sewer, sanitation, and electric services will remain at present levels for fiscal year 2014-15. During 2010, the City negotiated for a contract for the 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, allowed Centralia to buy power at a cost about 15% less than it previously paid. The City has since signed further contracts for the purchase of wholesale power for the years 2015, 2016, and January through May of 2017 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 2014-2015 budget or continuing from the 2013-2014 budget include:

- Replacement of a pickup truck for the street department - $32,114
- Replacement of fire department tools and gear - $27,100
- Street improvements and engineering - $335,884
- Reserve for eventual relocation of Randolph Street and improvements to Wigham Street and Gano Chance Drive - $138,528
- Removal of dilapidated housing - up to $7,500
- General stormsewer improvements - $50,000
- One-time assistance for promotion of the Civil War Reenactment - $20,000
- Building improvements to pool and park buildings - $42,800

- 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 - $47,883
- Allowance for repairs or replacement of electric distribution facilities, if needed - $796,099
- Materials for the construction of water distribution lines to new subdivisions and replacement of older or under-sized water mains - $100,000
- Reserves and potential repairs and pump replacements at municipal water wells - $100,000
- Slip-lining of several blocks of sanitary sewer mains - $45,000
- Principal and interest payments on the capital lease for the electric substation project - $154,435
- Engineering and design for boring under railroads for electric line addictions - $20,000
- Replacement of computer file server - $5,000
- City Hall repairs and/or upgrades - $50,000
- Debt service on outstanding Library Bonds - $35,600
- Landfill closure reserve - $95,959
- Debt service on capital lease for Centralia Recreation Center - $159,088
- Replacement of water plant lime pump and sled - $22,000
- Purchase of electric wire spool trailer - $4,000
- 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.

Lynn P. Behrns, City Administrator

CITY OF CENTRALIA

STATEMENT OF NET POSITION
March 31, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 1,414,673	$ 1,658,976	$ 3,073,649
Accounts and grants receivable, net of allowance for doubtful accounts of $8,544	97,490	401,621	499,111
Inventories	-	328,832	328,832
Taxes receivable, net of allowance for doubtful accounts of $2,761	232,252	-	232,252
Internal balances	7,350	(7,350)	-
Other current assets	18,714	-	18,714
Restricted assets:			
Cash and cash equivalents	428,431	47,958	476,389
Investments	412,737	13,484	426,221
Capital assets:			
Non-depreciable	179,156	192,374	371,530
Depreciable, net	7,735,913	6,056,651	13,792,564
Total assets	10,526,716	8,692,546	19,219,262
LIABILITIES			
Accounts payable	141,136	287,492	428,628
Sales tax payable	-	16,976	16,976
Customer security deposits	-	47,958	47,958
Accrued interest payable	4,156	1,236	5,392
Unearned revenue	52,992	-	52,992
Long-term liabilities:			
Due within one year			
Accrued employee benefits	55,450	-	55,450
Bonds payable	30,000	-	30,000
Leases payable	75,000	96,000	171,000
Due in more than one year			
Accrued employee benefits	57,713	-	57,713
Accrued landfill closure costs	-	95,959	95,959
Bonds payable	70,000	-	70,000
Leases payable	1,535,534	1,148,000	2,683,534
Total liabilities	2,021,981	1,693,621	3,715,602
NET POSITION			
Net investment in capital assets	6,204,535	5,018,509	11,223,044
Restricted for:			
Expendable:			
Debt service	318,286	-	318,286
Culture and recreation	107,367	-	107,367
Perpetual care	399,627	-	399,627
Capital projects	112,529	-	112,529
Nonexpendable:			
Perpetual care	251,929	-	251,929
Unrestricted	1,110,462	1,980,416	3,090,878
Total net position	$ 8,504,735	$ 6,998,925	$ 15,503,660

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

CITY OF CENTRALIA

STATEMENT OF ACTIVITIES
Year Ended March 31, 2014

Program/function	Expenses	Program revenues: Charges for services	Program revenues: Capital grants and contributions	Program revenues: Operating grants and contributions	Net revenue (expense) and changes in net position: Governmental activities	Net revenue (expense) and changes in net position: Business-type activities	Net revenue (expense) and changes in net position: Total
Governmental activities:							
General government	$ 602,440	$ 190,045	$ -	$ -	$ (412,395)	$ -	$ (412,395)
Public safety	984,943	24,227	-	25,765	(934,951)	-	(934,951)
Public works	534,918	275,627	65,147	-	(194,144)	-	(194,144)
Community planning and economic development	28,777	-	-	-	(28,777)	-	(28,777)
Culture and recreation	601,093	323,937	4,572	-	(272,584)	-	(272,584)
Cemetery	48,904	16,750	-	3,291	(28,863)	-	(28,863)
Interest expense	97,945	-	-	-	(97,945)	-	(97,945)
Total governmental activities	2,899,020	830,586	69,719	29,056	(1,969,659)	-	(1,969,659)
Business-type activities:							
Electric	3,157,665	3,151,506	-	297	-	(5,862)	(5,862)
Water	590,761	592,152	-	-	-	1,391	1,391
Wastewater	362,212	250,848	-	-	-	(111,364)	(111,364)
Sanitation	463,339	412,568	-	-	-	(50,771)	(50,771)
Total business-type activities	4,573,977	4,407,074	-	297	-	(166,606)	(166,606)
Total	$ 7,472,997	$ 5,237,660	$ 69,719	$ 29,353	$ (1,969,659)	$ (166,606)	$ (2,136,265)
General revenue:							
Taxes							
Property taxes					500,339	-	500,339
Sales taxes					820,315	-	820,315
Gross receipts					457,456	-	457,456
Surcharge					105,253	-	105,253
Gas and motor fuel tax					102,857	-	102,857
Miscellaneous					6,209	1,522	7,731
County payments					52,520	-	52,520
Contributed capital					10,215	-	10,215
Gain on sale of capital assets					16,752	59,284	76,036
Interest income					9,062	6,211	15,273
Net transfers in (out) from other funds					89,801	(89,801)	-
Total general revenues					2,170,779	(22,784)	2,147,995
Changes in net position					201,120	(189,390)	11,730
Net position, April 1 (as restated)					8,303,615	7,188,315	15,491,930
Net position, March 31					$ 8,504,735	$ 6,998,925	$ 15,503,660

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, 2014

	General Fund	Non-Major Funds	Totals
ASSETS			
Cash and cash equivalents	$ 604,283	$ 530,097	$ 1,134,380
Accounts receivable	17,715	1,035	18,750
Taxes receivable, net of allowance for doubtful accounts of $2,761	160,139	72,113	232,252
Due from other funds	22,123	432	22,555
Restricted assets			
Cash and cash equivalents	-	428,431	428,431
Investments	-	412,737	412,737
Total assets	$ 804,260	$ 1,444,845	$ 2,249,105
LIABILITIES			
Accounts payable	$ 110,678	$ 13,911	$ 124,589
Bank overdrafts	-	-	-
Due to other funds	-	15,205	15,205
Unearned revenue	-	52,992	52,992
Total liabilities	110,678	82,108	192,786
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	32,543	17,808	50,351
Total deferred inflows of resources	32,543	17,808	50,351
FUND BALANCES			
Nonspendable			
Perpetual care	-	251,929	251,929
Restricted for:			
Debt service	-	318,286	318,286
Culture and recreation	-	107,367	107,367
Perpetual care	-	399,627	399,627
Capital projects	-	112,529	112,529
Committed for:			
Culture and recreation	-	169,014	169,014
Capital projects	134,528	4,363	138,891
Unassigned	526,511	(18,186)	508,325
Total fund balances	661,039	1,344,929	2,005,968
Total liabilities, deferred inflows of resources, and fund balances	$ 804,260	$ 1,444,845	$ 2,249,105

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

CITY OF CENTRALIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES TO THE STATEMENT OF NET POSITION
March 31, 2014

Fund balances - total governmental funds		$ 2,005,968
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	12,293,101	
Less accumulated depreciation	(4,378,032)	
		7,915,069
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 position, net of capital assets and long-term liabilities		303,487
Long-term liabilities, including leases payable, bonds payable and accrued employee benefits, are not due and payable in the current period; therefore, they are not reported as liabilities in the governmental funds:		
Certificates of participation	(1,630,000)	
Unamortized discount	19,466	
Bonds payable	(100,000)	
Accrued employee benefits	(55,450)	
Accrued interest payable	(4,156)	
		(1,770,140)
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 unavailable revenue in the funds		50,351
Net position of governmental activities		$ 8,504,735

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, 2014

	General Fund	Non-Major Funds	Totals
REVENUES			
Taxes	$ 1,229,338	$ 594,587	$ 1,823,925
Licenses and permits	43,566	-	43,566
Charges for services	854	332,577	333,431
Intergovernmental revenues	227,219	65,146	292,365
Fines and forfeitures	24,227	-	24,227
Miscellaneous			
Interest	4,049	5,013	9,062
Contributions	-	7,863	7,863
Other	198	8,110	8,308
Total revenues	1,529,451	1,013,296	2,542,747
EXPENDITURES			
General government	318,607	80	318,687
Public safety	896,617	-	896,617
Public works	197,479	4,822	202,301
Community planning and economic development	28,777	-	28,777
Culture and recreation	-	485,809	485,809
Cemetery	-	47,834	47,834
Capital outlay	91,142	335,538	426,680
Debt service	-	196,832	196,832
Total expenditures	1,532,622	1,070,915	2,603,537
Deficiency of revenues under expenditures	(3,171)	(57,619)	(60,790)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	110,000	14,652	124,652
Operating transfers (out)	(21,789)	(13,062)	(34,851)
Proceeds from sale of capital assets	19,000	-	19,000
Total other financing sources	107,211	1,590	108,801
Excess (deficiency) of revenues and other financing sources over (under) expenditures	104,040	(56,029)	48,011
Fund balances, April 1	556,999	1,400,958	1,957,957
FUND BALANCES, MARCH 31	$ 661,039	$ 1,344,929	$ 2,005,968

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

CITY OF CENTRALIA
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended March 31, 2014

Net change in fund balances - total governmental funds		$ 48,011
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	426,680	
Capital contributions	10,215	
Depreciation	(412,284)	
		24,611
In the statement of activites, only the gain on the sale of capital assets is is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.		(2,248)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes		21,671
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 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	100,000	
Change in interest payable	276	
Debt issuance:		
Amortization of discounts from lease purchases	(1,390)	
		98,886
Compensated absences are accrued in the statement of activities whereas they are reported as expenditures in the governmental funds		66,568
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		(56,379)
Change in net position of governmental activities		$ 201,120

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

CITY OF CENTRALIA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
March 31, 2014

	Major Enterprise Funds					
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund	Total Enterprise Funds	Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	$ 1,042,658	$ 317,439	$ 125,851	$ 173,028	$ 1,658,976	$ 280,293
Accounts receivable, net of allowance for doubtful accounts of $8,544	323,557	48,481	22,897	6,686	401,621	78,740
Inventories	234,322	94,510	-	-	328,832	-
Other current assets	-	-	-	-	-	18,714
Due from other funds	-	21,752	-	-	21,752	-
Total current assets	1,600,537	482,182	148,748	179,714	2,411,181	377,747
Restricted assets:						
Customer security deposits, cash	33,765	14,193	-	-	47,958	-
Restricted investments	13,484	-	-	-	13,484	-
Capital assets:						
Non-depreciable	18,822	24,346	149,206	-	192,374	-
Depreciable, net	2,547,255	1,307,394	2,125,598	76,404	6,056,651	-
Total assets	4,213,863	1,828,115	2,423,552	256,118	8,721,648	377,747
LIABILITIES						
Current liabilities:						
Accounts payable	253,541	23,119	1,293	9,539	287,492	16,547
Sales tax payable	16,976	-	-	-	16,976	-
Accrued employee benefits	-	-	-	-	-	55,450
Accrued interest payable	1,236	-	-	-	1,236	-
Lease payable	96,000	-	-	-	96,000	-
Due to other funds	24,128	-	-	4,974	29,102	-
Total current liabilities	391,881	23,119	1,293	14,513	430,806	71,997
Payable from restricted assets:						
Customer security deposits	33,765	14,193	-	-	47,958	-
Long-term liabilities:						
Accrued employee benefits	-	-	-	-	-	57,713
Lease payable	1,148,000	-	-	-	1,148,000	-
Estimated landfill post closure costs	-	-	-	95,959	95,959	-
Total liabilities	1,573,646	37,312	1,293	110,472	1,722,723	129,710
NET POSITION						
Net investment in capital assets	1,335,561	1,331,740	2,274,804	76,404	5,018,509	-
Unrestricted	1,304,656	459,063	147,455	69,242	1,980,416	248,037
Total net position	$ 2,640,217	$ 1,790,803	$ 2,422,259	$ 145,646	$ 6,998,925	$ 248,037

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 POSITION
ALL PROPRIETARY FUND TYPES

Year Ended March 31, 2014

	Major Funds				Total	
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund	Enterprise Funds	Internal Service Funds
OPERATING REVENUES						
Charges for services	$ 3,151,506	$ 592,152	$ 250,848	$ 412,568	$ 4,407,074	$ 421,054
Contributions	297	-	-	-	297	-
Miscellaneous	1,522	-	-	-	1,522	-
Total operating revenues	3,153,325	592,152	250,848	412,568	4,408,893	421,054
OPERATING EXPENSES						
Planning and administration	83,469	40,148	6,198	46,986	176,801	205,945
Communication	53,501	31,896	20,431	-	105,828	-
Well operation, maintenance and repair	-	60,320	-	-	60,320	-
Distribution	2,689,387	219,338	-	-	2,908,725	-
Buildings and grounds	34,931	2,716	-	-	37,647	-
Treatment	-	81,857	-	-	81,857	-
Sewerage collections	-	-	119,738	-	119,738	-
Lift operations	-	-	20,310	-	20,310	-
Sewerage treatment collections	-	-	46,586	-	46,586	-
Land application	-	-	4,225	-	4,225	-
Depreciation	139,696	154,486	144,420	97,859	536,461	-
Brush and tree control	70,572	-	-	-	70,572	-
Street lighting	23,166	-	-	-	23,166	-
Equipment operations	-	-	-	-	-	202,821
Trash collection	-	-	-	181,090	181,090	-
Trash disposal	-	-	-	135,870	135,870	-
Miscellaneous	-	-	304	1,534	1,838	2,099
Total operating expenses	3,094,722	590,761	362,212	463,339	4,511,034	410,865
OPERATING INCOME (LOSS)	58,603	1,391	(111,364)	(50,771)	(102,141)	10,189
NON-OPERATING REVENUES (EXPENSES)						
Interest expense	(62,943)	-	-	-	(62,943)	-
Interest income	2,589	2,065	551	1,006	6,211	-
Gain (loss) on sale of capital assets	9,854	(9,219)	-	58,649	59,284	-
Total non-operating revenues (expenses)	(50,500)	(7,154)	551	59,655	2,552	-
NET INCOME (LOSS)	8,103	(5,763)	(110,813)	8,884	(99,589)	10,189
Operating transfers in	33,585	21,430	-	-	55,015	33,585
Operating transfers (out)	(107,386)	(35,677)	-	(1,753)	(144,816)	(33,585)
Change in net position	(65,698)	(20,010)	(110,813)	7,131	(189,390)	10,189
Net position, April 1 (as restated)	2,705,915	1,810,813	2,533,072	138,515	7,188,315	237,848
NET POSITION, MARCH 31	$ 2,640,217	$ 1,790,803	$ 2,422,259	$ 145,646	$ 6,998,925	$ 248,037

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, 2014

	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	$ 3,130,444	$ 590,097	$ 249,533	$ 410,324	$ 4,380,398	$ 421,054
Cash paid to vendors	(2,755,811)	(346,125)	(189,166)	(285,907)	(3,577,009)	(339,284)
Cash paid to employees	(144,562)	(108,440)	(38,017)	(89,556)	(380,575)	(90,468)
Net cash provided by operating activities	230,071	135,532	22,350	34,861	422,814	(8,698)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating transfers in (out)	(73,801)	(14,247)	-	(1,753)	(89,801)	-
Net change in interfund payables/receivables	16,778	(21,752)	-	4,974	-	-
Net cash provided (used) by noncapital financing activities	(57,023)	(35,999)	-	3,221	(89,801)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Payment for capital acquisitions	(161,547)	(69,749)	-	(162,045)	(393,341)	-
Proceeds from sale of capital assets	9,854	-	-	117,900	127,754	-
Principal paid on debt	(94,000)	-	-	-	(94,000)	-
Interest paid on debt	(63,044)	-	-	-	(63,044)	-
Net cash used by capital and related financing activities	(308,737)	(69,749)	-	(44,145)	(422,631)	-
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest income	2,589	2,065	551	1,006	6,211	-
Net cash provided by investing activities	2,589	2,065	551	1,006	6,211	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(133,100)	31,849	22,901	(5,057)	(83,407)	(8,698)
Cash and cash equivalents, beginning of year	1,175,758	285,590	102,950	178,085	1,742,383	288,991
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 1,042,658	$ 317,439	$ 125,851	$ 173,028	$ 1,658,976	$ 280,293
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES						
Operating income (loss)	$ 58,603	$ 1,391	$ (111,364)	$ (50,771)	$ (102,141)	$ 10,189
Adjustments:						
Depreciation and amortization	139,696	154,486	144,420	97,859	536,461	-
(Increase) decrease in assets:						
Accounts receivable	(22,881)	(2,055)	(1,315)	(2,244)	(28,495)	-
Inventories	28,122	(16,015)	-	-	12,107	-
Customer deposits	2,046	990	-	-	3,036	-
Increase (decrease) in liabilities:						
Accounts payable	27,313	(2,275)	(9,391)	(1,917)	13,730	(10,032)
Sales tax payable	(782)	-	-	-	(782)	-
Customer deposits	(2,046)	(990)	-	-	(3,036)	-
Estimated landfill postclosure costs	-	-	-	(8,066)	(8,066)	-
Accrued employee benefits	-	-	-	-	-	(8,855)
Net cash provided by operating activities	$ 230,071	$ 135,532	$ 22,350	$ 34,861	$ 422,814	$ (8,698)

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

CITY OF CENTRALIA

STATEMENT OF FIDUCIARY NET POSITION
March 31, 2014

	Agency Library Trust Fund
ASSETS	
Accounts receivable	$ 3,456
Taxes receivable	11,783
Total assets	15,239
LIABILITIES	
Due to other governments	1,724
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	13,515
NET POSITION	$ -

The notes to the financial statements are an integral part of these 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 No. 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. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34.* 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 position and the statement of activities) 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.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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, 2014.

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. Deferred Outflows/Inflows of Resources and Unearned Revenue

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City did not have any items that qualified for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category, which is the unavailable revenue – property taxes reported in the governmental funds statement of assets, liabilities and fund balances and fiduciary funds statement of net position.

The City records user fees received in advance of the service period as unearned revenue in the liability section of all statements.

K. Long-Term Obligations

General long-term obligations consist of the non-current portion of accrued employee benefits, accrued landfill closure costs, and bonds and leases payable. In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed in all statements as incurred.

In the governmental fund statements, general long-term obligations are not reported as liabilities because they do not require the use of current resources. Governmental fund types recognize bond premiums and discounts during the current period. The face amount of the debt issue is reported as other financing sources while discounts on debt issuance are reported as other financing uses. Principal repayments are reported as debt service expenditures.

L. Fund Equity

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. The Board of Alderman can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

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. The Board of Alderman can assign fund balance; however, an additional formal action does not have to be taken for the removal of the assignment.

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.

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

Net Investment in Capital Assets – 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 position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted – This consists of net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt".

M. 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 position as "cash and cash equivalents".

Deposits, categorized by level of custodial risk, were as follows as of March 31, 2014:

	Cash and Cash Equivalents	Certificates of Deposit	Petty Cash	Total
Bank balance				
Insured by the FDIC	$ 4,527	$ 250,000	$ -	$ 254,527
Collateralized with securities pledged by the financial institution	2,616,804	757,652	-	3,374,456
Collateralized by securities held by the pledging financial institutions' trust department or agent but not in the depositor government's name	-	-	-	-
Uncollateralized	-	-	-	-
	$ 2,621,331	$ 1,007,652	$ -	$ 3,628,983
Carrying value	$ 2,549,788	$ 1,000,000	$ 250	$ 3,550,038

Investments, categorized by level of custodial risk, were as follows as of March 31, 2014:

	Investment Maturities (in years)		Fair Value	Carrying Value
	Less than 1	1-5		
U.S. Treasuries				
Restricted	$ 250,614	$ -	$ 250,614	$ 250,614
Money market funds				
Restricted	175,607	-	175,607	175,607
Total investments	$ 426,221	$ -	$ 426,221	$ 426,221

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 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, 2014, 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 Position
Cash and cash equivalents:	
Unrestricted	$ 3,073,649
Restricted	476,389
Subtotal	3,550,038
Investments:	
Restricted	426,221
Total cash and investments	$ 3,976,259

4. RESTRICTED ASSETS

At March 31, 2014, total restricted assets were classified as follows:

Restricted cash and cash equivalents	$ 476,389
Restricted investments	426,221
Total restricted assets	$ 902,610

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, 2014, 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, 2014, assets restricted for the Lease Revenue Account totaled $13,484.

Restricted Assets by Purpose:

At March 31, 2014, assets were restricted for various uses as follows:

	Assets
Special Revenue Funds:	
Cemetery Fund (restricted for perpetual care)	$ 399,627
Debt Service Funds:	
Parks and Recreation Sales Tax Fund	162,123
Library Bonds Debt Service	27,489
Permanent Fund:	
A.B. Chance Memorial Trust Fund (restricted for perpetual care)	251,929
Enterprise Fund:	
Electric Fund	
Debt service	13,484
Customer security deposits	33,765
Water Fund	
Customer security deposits	14,193
Total restricted assets	$ 902,610

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 inflows of resources – unavailable 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 inflows of resources – unavailable 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 receivable or deferred inflows for taxes that will be due for property owned on January 1, 2014, because the levy and assessed valuation had not been determined as of March 31, 2014.

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 2013 are as follows:

	2013 Calendar Year
Assessed valuation:	
Real estate	$ 35,126,345
Personal property	11,175,193
State assessed	718,865
	$ 47,020,403

	Per $100 Assessed Valuation	
	Maximum Levy Allowed by Law	City's Levy
General Revenue	$ 0.6674	$ 0.6645
Parks and Recreation	0.2988	0.2975
Library General Revenue	0.3000	0.3000
Library Debt Service	0.0991	0.0785
		$ 1.3405

6. INTERFUND TRANSFERS AND RECEIVABLES/PAYABLES

A summary of interfund transfers for the year ended March 31, 2014, follows:

	Transfer Out	Transfer In
Governmental funds:		
General	$ 21,789	$ 110,000
Special revenue:		
Park	1,130	2,720
Parks and Rec Center	11,932	-
Pool	-	11,932
Subtotal - governmental funds	34,851	124,652
Enterprise funds:		
Electric	107,386	33,585
Sanitation	1,753	-
Water	35,677	21,430
Subtotal - enterprise funds	144,816	55,015
Internal Service Fund	33,585	33,585
Total	$ 213,252	$ 213,252

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, 2014 in the fund financial statements resulting from interfund transfers were as follows:

	Interfund Receivable	Interfund Payable	Net
Governmental funds:			
General	$ 22,123	$ -	$ 22,123
Special revenue:			
Avenue of Flags Fund	-	432	(432)
Cemetery Fund	432	14,558	(14,126)
Park Fund	-	215	(215)
Subtotal - governmental funds	22,555	15,205	7,350
Enterprise funds:			
Electric	-	24,128	(24,128)
Sanitation	-	4,974	(4,974)
Water	21,752	-	21,752
Subtotal - enterprise funds	21,752	29,102	(7,350)
Total	$ 44,307	$ 44,307	$ -

The balance due to the General Fund from the Electric Fund ($7,350) is from prior utility services. The balance due to the General Fund from the Park Fund ($215) represents proceeds from a vehicle sale where the vehicle was originally owned by the street department but sold by the Park Fund. These balances originated during fiscal year 2011 and were not settled during fiscal year 2014.

The balance due to the General Fund from the Cemetery Fund ($14,558) represents the Cemetery Fund's overdraft from the City's cash pool. This balance originated, and was not settled, during fiscal year 2014.

The balance due to the Cemetery Fund from the Avenue of Flags Fund ($432) represents expenditures incurred by the Cemetery Fund on behalf of the Avenue of Flags Fund. This balance originated, and was not settled, during fiscal year 2014.

The balance due to the Water Fund from the Electric Fund ($16,778) and the Sanitation Fund ($4,974) represents expenses incurred by the Water Fund on behalf of the Electric Fund and the Sanitation Fund. This balance originated, and was not settled, during fiscal year 2014.

7. PROPERTY, PLANT AND EQUIPMENT

A summary of changes in capital assets for the year ended March 31, 2014 is as follows:

	Balance March 31, 2013	Additions	Retirements	Transfers/Other	Balance March 31, 2014
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 88,081	$ -	$ -	$ -	$ 88,081
Right of way	58,055	10,215	-	-	68,270
Construction in progress	25,053	-	(2,248)	-	22,805
Total capital assets, not being depreciated	171,189	10,215	(2,248)	-	179,156
Capital assets, being depreciated:					
Buildings	3,159,942	-	-	-	3,159,942
Structures other than buildings	32,086	-	-	-	32,086
Equipment	5,461,233	62,650	-	-	5,523,883
Infrastructure	3,034,004	364,030	-	-	3,398,034
Total capital assets, being depreciated	11,687,265	426,680	-	-	12,113,945
Less accumulated depreciation:					
Buildings	569,279	88,796	-	-	658,075
Structures other than buildings	136,524	3,410	-	-	139,934
Equipment	2,800,776	249,516	-	-	3,050,292
Infrastructure	459,169	70,562	-	-	529,731
Total accumulated depreciation	3,965,748	412,284	-	-	4,378,032
Total capital assets being depreciated, net	7,721,517	14,396	-	-	7,735,913
Governmental activities capital assets, net	$ 7,892,706	$ 24,611	$ (2,248)	$ -	$ 7,915,069

	Balance March 31, 2013	Additions	Retirements	Transfers/Other	Balance March 31, 2014
Business-type activities:					
Capital assets, not being depreciated:					
Land	$ 192,374	$ -	$ -	$ -	$ 192,374
Total capital assets, not being depreciated	192,374	-	-	-	192,374
Capital assets, being depreciated:					
Buildings	308,098	-	-	-	308,098
Structures other than buildings	12,290,388	83,038	-	-	12,373,426
Equipment	2,144,775	310,302	(161,280)	-	2,293,797
Total capital assets, being depreciated	14,743,261	393,340	(161,280)	-	14,975,321
Less accumulated depreciation for:					
Buildings	176,154	14,823	-	-	190,977
Structures other than buildings	6,932,953	303,963	-	-	7,236,916
Equipment	1,365,913	217,675	(92,811)	-	1,490,777
Total accumulated depreciation	8,475,020	536,461	(92,811)	-	8,918,670
Total capital assets being depreciated, net	6,268,241	(143,121)	(68,469)	-	6,056,651
Business-type activities capital assets, net	$ 6,460,615	$ (143,121)	$ (68,469)	$ -	$ 6,249,025

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

Governmental activities:	
General government	$ 77,808
Streets	129,796
Public safety	88,326
Parks and recreation center	62,256
Parks	53,028
Cemetery	1,070
	$ 412,284
Business-type activities:	
Water	$ 154,486
Sewer	144,420
Electric	139,696
Sanitation	97,859
	$ 536,461

8. LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations:

	Employee Benefits
Beginning	$ 122,018
Retirements	(77,513)
Additions	68,658
Ending	113,163
Less: amount due within one year	(55,450)
Total long-term obligations	$ 57,713

Accrued employee benefits are generally liquidated by the Internal Service Fund.

9. CAPITAL LEASES PAYABLE

The City has the following leases:

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 $159,234 and $193,516, respectively. As of March 31, 2014, improvements of $2,178,973 have been capitalized as buildings, with $279,818 of accumulated depreciation. The associated debt is recorded in the governmental activities on the statement of net position.

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, 2014, improvements of $1,591,500 have been capitalized, with $228,804 of accumulated depreciation. The associated debt is recorded in the Electric Fund on the statement of net position. 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 $1,586,472. Principal and interest paid for the current year and total operating electric revenues were $157,044 and $3,153,325, respectively. The lease agreement contains a financial covenant, with which the City was in compliance as of March 31, 2014.

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 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, 2014, are as follows:

	Original Amount	Interest Rate	Maturity Date	Principal Balance 3/31/2014
Governmental activities:				
Community recreation center lease	$ 1,985,000	4% - 5.5%	March 2028	$ 1,630,000
Total capital leases - governmental activities				1,630,000
Business-type activities:				
Electric substation lease	1,637,000	3.22%	July 2024	1,244,000
Total capital leases - business-type activities				1,244,000
Total capital leases				$ 2,874,000

The following is a summary of capital leases payable transactions for the City for the year ended March 31, 2014:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due in One Year
Governmental activities:					
Community recreation center lease					
Principal	$1,700,000	$ -	$ (70,000)	$1,630,000	$ 75,000
Less: unamortized lease discount	(20,856)	-	1,390	(19,466)	-
Business-type activities:					
Electric substation lease	1,338,000	-	(94,000)	1,244,000	96,000
Total	$3,017,144	$ -	$ (162,610)	$2,854,534	$ 171,000

As of March 31, 2014, accumulated amortization related to the deferred discount on the community recreation center lease totaled $7,761.

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, 2014.

	Governmental Activities			Business-type Activities		
Year Ending March 31:	Principal	Interest	Total	Principal	Interest	Total
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	85,000	73,075	158,075	108,000	43,582	151,582
2019	90,000	69,038	159,038	118,000	38,131	156,131
2020-2024	525,000	272,650	797,650	665,000	99,113	764,113
2025-2028	690,000	109,975	799,975	51,000	639	51,639
Total	$ 1,630,000	$ 766,652	$ 2,396,652	$ 1,244,000	$ 342,472	$ 1,586,472

10. BONDS PAYABLE

The following is a summary of bonds payable transactions for the City for the year ended March 31, 2014:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due in One Year
Library Bonds, Series 1997	$ 130,000	$ -	$ (30,000)	$ 100,000	$ 35,000

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
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	$ 100,000	$ 11,480	$ 111,480

11. 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, 2014:

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	11/1/14	$ 12,143
Missouri Public Entity Risk Management Fund	Comprehensive general liability*	$2,000,000/occurrence $2,000,000/aggregate	12/31/14	$ 10,029
	Property damage	$2,000,000/occurrence		
	Bodily injury	$2,000,000/aggregate		
Auto-Owners	Inland marine - equipment	$ 1,209,071	11/1/14	$ 2,545

*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.

12. 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, 2014, the City had recorded $95,959 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, 2014. 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 a two-unit 1,582 Megawatt (MW) coal-fueled power plant in Washington County, Illinois. MJMEUC has a 12.33% proportionate ownership interest in the power plant, and 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 share of the MW capacity and power of the plant. The City's commitment ends when the power units are taken out of service for purposes of retirement and decommissioning.

The City's share of Prairie State only covers a portion of the City's electric power needs. The City entered into the MJMEUC agreement as a cost hedge against rapidly rising power costs at the time. The City also had been purchasing electric wholesale power from Ameren Energy Marketing under a series of all-requirements agreements, the first of which ran from January 1, 2009 through December 31, 2011. That agreement provided the City with the power required to meet the capacity and energy needs up to a maximum hourly demand of ten megawatts. Power charges were $68.00 per megawatt hour to the delivery point specific in the agreement. This was an 81% increase from the City's previous power supply agreement. The City is also responsible for all costs of transmission, distribution, scheduling, reactive power, and ancillary services from the delivery point.

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 the City and the cities of Hannibal, Kahoka, and Marceline for use of power generation capacity credits. The basic charge of power in this contract is $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 is selling its share of power from the Prairie State Energy Campus into the MISO electric market. The cost of power from the Prairie State Energy Campus is currently averaging $65.00 per megawatt hour, but should diminish to $55.00 per megawatt hour as plant operations become more routine. So long as the actual short-run market cost is below that price, the net Prairie State cost will be in addition to the Ameren cost. Currently, the City anticipates a blended rate of $59.00 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, 2015 through December 31, 2016. A subsequent amendment extended the term to May 31, 2017. 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.

13. 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, 2014.

14. 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 8.0% (general) and 0.2% (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.

The City's payroll for employees covered by LAGERS for the year ended March 31, 2014, was $1,084,353 and the total City payroll was $1,422,659. The City's contribution to LAGERS for the year ended March 31, 2014, was $65,349, which represents 6.0% of covered payroll.

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

For LAGERS fiscal year ended June 30, 2013, the City's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	$ 80,957
Interest on net pension obligation	5,146
Adjustment to annual required contribution	(6,243)
Annual pension cost	79,860
Actual contributions	61,851
Increase in NPO	18,009
NPO beginning of year	70,983
NPO end of year	$ 88,992

The City has elected not to record the net pension obligation as of March 31, 2014, due to its immateriality to the City as a whole.

The annual required contribution was determined as part of the February 28, 2011 and February 29, 2012 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2013 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 and division, 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, 2011 was 30 years for the General division and 21 years for the Police division. The amortization period as of February 29, 2012 was 30 years for the General division and 17 years for the Police division.

Three-Year Trend Information

LAGERS Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	$ 80,033	57%	$ 44,901
6/30/12	78,107	67%	70,983
6/30/13	79,860	77%	88,992

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
2/28/13	$ 2,195,558	$ 1,944,892	$ (250,666)	113%	$ 1,068,965	-23%

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 the required supplementary 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.

15. PRIOR PERIOD ADJUSTMENTS

As a result of the adoption of GASB Statement No. 65 during the current fiscal year, bond issuance costs previously classified as deferred charges were removed and expensed as of March 31, 2013. In addition, as a result of information obtained during the fiscal year ended March 31, 2014, the City's estimated liability for landfill closure costs was adjusted as of March 31, 2013.

The cumulative effect of these prior period adjustments was as follows as of March 31, 2013:

	Governmental Activities	Business-type Activities
Net position, beginning of year, originally reported	$ 8,347,061	$ 7,230,781
Expense bond issuance costs	(43,446)	(18,722)
Adjust estimated liability for landfill closure costs	-	(23,744)
Net position, as restated	$ 8,303,615	$ 7,188,315

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CENTRALIA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended March 31, 2014

	Actual	Original Budget	Final Budget	Variance Favorable/ (Unfavorable)
REVENUES				
Taxes	$ 1,229,338	$ 1,213,950	$ 1,213,950	$ 15,388
Licenses and permits	43,566	20,750	20,750	22,816
Charges for services	854	700	700	154
Intergovernmental revenues	227,219	231,374	231,374	(4,155)
Fines and forfeitures	24,227	16,144	16,144	8,083
Miscellaneous	23,247	114,866	114,866	(91,619)
Total revenues	1,548,451	1,597,784	1,597,784	(49,333)
EXPENDITURES				
General government	318,607	336,879	336,879	18,272
Public safety	896,617	935,994	935,994	39,377
Public works	197,479	303,547	303,547	106,068
Community planning and economic development	28,777	38,290	38,290	9,513
Miscellaneous	-	474,615	474,615	474,615
Capital outlay	91,142	-	-	(91,142)
Total expenditures	1,532,622	2,089,325	2,089,325	556,703
Excess (deficiency) of revenues over (under) expenditures	15,829	(491,541)	(491,541)	507,370
OTHER FINANCING SOURCES (USES)				
Operating transfers in	110,000	-	-	110,000
Operating transfers (out)	(21,789)	-	-	(21,789)
Total other financing sources	88,211	-	-	88,211
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	$ 104,040	$ (491,541)	$ (491,541)	$ 595,581

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
2/28/11	$ 2,094,703	$ 1,944,948	$ (149,755)	108%	$ 989,453	-15%
2/29/12	2,032,627	1,824,337	(208,290)	111%	1,042,639	-20%
2/28/13	2,195,558	1,944,892	(250,666)	113%	1,068,965	-23%

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 STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
NON-MAJOR FUNDS
March 31, 2014

	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	Total
ASSETS											
Cash and cash equivalents	$ -	$ 101,135	$ 222,815	$ -	$ 93,753	$ 5,855	$ 102,176	$ -	$ -	$ 4,363	$ 530,097
Accounts receivable	-	-	-	1,035	-	-	-	-	-	-	1,035
Taxes receivable	-	16,330	-	-	26,047	-	26,047	3,689	-	-	72,113
Due from other funds	-	-	-	432	-	-	-	-	-	-	432
Restricted assets											
Cash and cash equivalents	-	-	-	399,627	-	-	-	27,489	1,315	-	428,431
Investments	-	-	-	-	-	-	162,123	-	250,614	-	412,737
Total assets	$ -	$ 117,465	$ 222,815	$ 401,094	$ 119,800	$ 5,855	$ 290,346	$ 31,178	$ 251,929	$ 4,363	$ 1,444,845
LIABILITIES											
Accounts payable	$ 30	$ 736	$ 809	$ 5,065	$ 7,271	$ -	$ -	$ -	$ -	$ -	$ 13,911
Due to other funds	-	215	-	14,558	-	432	-	-	-	-	15,205
Unearned revenue	-	-	52,992	-	-	-	-	-	-	-	52,992
Total liabilities	30	951	53,801	19,623	7,271	432	-	-	-	-	82,108
DEFERRED INFLOWS OF RESOURCES											
Unavailable revenue - property taxes	-	14,570	-	-	-	-	-	3,238	-	-	17,808
Total deferred inflows of resources	-	14,570	-	-	-	-	-	3,238	-	-	17,808
FUND BALANCES (DEFICIT)											
Nonspendable											
Perpetual care	-	-	-	-	-	-	-	-	251,929	-	251,929
Restricted for:											
Debt service	-	-	-	-	-	-	290,346	27,940	-	-	318,286
Culture and recreation	-	101,944	-	-	-	5,423	-	-	-	-	107,367
Perpetual care	-	-	-	399,627	-	-	-	-	-	-	399,627
Capital projects	-	-	-	-	112,529	-	-	-	-	-	112,529
Committed for:											
Culture and recreation	-	-	169,014	-	-	-	-	-	-	-	169,014
Capital projects	-	-	-	-	-	-	-	-	-	4,363	4,363
Unassigned	(30)	-	-	(18,156)	-	-	-	-	-	-	(18,186)
Total fund balances	(30)	101,944	169,014	381,471	112,529	5,423	290,346	27,940	251,929	4,363	1,344,929
Total liabilities, deferred inflows of resources, and fund balances	$ -	$ 117,465	$ 222,815	$ 401,094	$ 119,800	$ 5,855	$ 290,346	$ 31,178	$ 251,929	$ 4,363	$ 1,444,845

CITY OF CENTRALIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR FUNDS
Year Ended March 31, 2014

	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	Total
REVENUES											
Taxes	$ -	$ 172,321	$ -	$ -	$ 193,516	$ -	$ 193,516	$ 33,196	$ -	$ 2,038	$ 594,587
Charges for services	73,631	6,912	241,284	10,750	-	-	-	-	-	-	332,577
Intergovernmental revenues	-	-	-	-	65,146	-	-	-	-	-	65,146
Miscellaneous											
Interest	-	243	1,317	1,224	969	39	882	3	316	20	5,013
Contributions	-	4,572	-	1,768	-	1,523	-	-	-	-	7,863
Other	-	818	1,292	6,000	-	-	-	-	-	-	8,110
Total revenues	73,631	184,866	243,893	19,742	259,631	1,562	194,398	33,199	316	2,058	1,013,296
EXPENDITURES											
General government	-	-	-	-	-	-	-	80	-	-	80
Public works	-	-	-	-	4,822	-	-	-	-	-	4,822
Culture and recreation	85,593	187,032	208,646	-	-	4,538	-	-	-	-	485,809
Cemetery	-	-	-	39,267	-	-	-	-	8,567	-	47,834
Capital outlay	-	-	-	-	335,538	-	-	-	-	-	335,538
Debt service	-	-	-	-	-	-	159,234	37,598	-	-	196,832
Total expenditures	85,593	187,032	208,646	39,267	340,360	4,538	159,234	37,678	8,567	-	1,070,915
Excess (deficiency) of revenues over (under) expenditures	(11,962)	(2,166)	35,247	(19,525)	(80,729)	(2,976)	35,164	(4,479)	(8,251)	2,058	(57,619)
OTHER FINANCING SOURCES (USES)											
Operating transfers in	11,932	2,720	-	-	-	-	-	-	-	-	14,652
Operating transfers (out)	-	(1,130)	(11,932)	-	-	-	-	-	-	-	(13,062)
Total other financing sources (uses)	11,932	1,590	(11,932)	-	-	-	-	-	-	-	1,590
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	(30)	(576)	23,315	(19,525)	(80,729)	(2,976)	35,164	(4,479)	(8,251)	2,058	(56,029)
Fund balances, April 1	-	102,520	145,699	400,996	193,258	8,399	255,182	32,419	260,180	2,305	1,400,958
FUND BALANCES (DEFICIT), MARCH 31	$ (30)	$ 101,944	$ 169,014	$ 381,471	$ 112,529	$ 5,423	$ 290,346	$ 27,940	$ 251,929	$ 4,363	$ 1,344,929

MANAGEMENT LETTER OF

CITY OF CENTRALIA, MISSOURI

MARCH 31, 2014

WILLIAMS KEEPERS LLC
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 17, 2014

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, 2014, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not 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. We consider the following deficiency in the City's internal control to be a material weakness:

Preparation of Financial Statements

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 were 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.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the City's internal control to be a significant deficiency:

Network Access

Currently, all employees of the City's Finance Office have full access to the Prairiefire utility billing software. They have the ability to post any type of entry or adjustment and add or delete 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 City review the access granted to the utility billing software. In general, utility clerks should not have full access to the software. 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 does review daily reports listing adjustments and changes made in order to provide oversight of the utility clerks.

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

In addition, we became aware of a matter that is an opportunity for strengthening internal control and operating efficiency but did not meet the definition of a significant deficiency or material weakness. This matter is summarized in Attachment A.

This communication 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, and should not be, used by anyone other than these specified parties.

Sincerely,

Williams Keepers LLC

WILLIAMS-KEEPERS LLC

ATTACHMENT A
OTHER RECOMMENDATION

Summit General Ledger – Fund Accounting Issues

The City converted its general ledger to Summit during the fiscal year ended March 31, 2013. Since the conversion, the following fund accounting issues were identified.

- The City has multiple special revenue, enterprise, and internal service funds that start with the same account number (i.e. 02-XX-XX-XX-XXX, 03-XX-XX-XX-XXX, and 06-XX-XX-XX-XXX respectively). However, the Summit general ledger defines each fund by the first break in the account number; as such, all of the City's 02-XX-XX special revenue funds are defined as one 02 fund, all of the City's 03-XX-XX enterprise funds are defined as one 03 fund, and all of the City's 06-XX-XX internal service funds are defined as one 06 fund in the Summit general ledger. Accordingly, at the end of each fiscal year, the Summit general ledger closes each special revenue, enterprise, and internal service fund's net income or loss for the fiscal year to the one 02 fund, the one 03 fund, and the one 06 fund, respectively, instead of to each of the City's multiple funds.

    - During our audits of the fiscal years ended March 31, 2013 and 2014, we proposed adjustments to allocate the net income or loss for the previous fiscal years to each of the City's multiple special revenue, enterprise, and internal service funds for financial reporting purposes. We anticipate that similar adjustments will continue to be proposed each year until a solution is identified and implemented.

- The City's multiple enterprise funds balance in total in the Summit general ledger, but they do not balance individually in the Summit general ledger.

    - During our audit of the fiscal year ended March 31, 2014, we proposed an adjustment to balance each of the City's multiple enterprise funds.

We recommend the City work with Summit to identify possible solutions to these fund accounting issues and to implement them in a timely manner.

CHAMBER OF COMMERCE
BOARD OF DIRECTORS MEETING MINUTES
JULY 8, 2014

The following board members were present Don Bormann, Jeff Grimes, Amy Byergo, Gretchen Spires and Teri Evans.

The board reviewed the 2014 Anchor Festival Profit and Loss. Most of the expenses remained consistent with past years. A big factor in determining profit besides carnival sales is entertainment cost. Currently we are working to see about the possibility of booking Audio Adrenaline for the Sunday entertainment. Additional sponsorships will have to be sold in order to do that. Talks will continue to see if a price can be negotiated.

The Farmers Market question has been posted on Facebook and there has been a favorable response. The next step would be to work with the park board on using the City Square as a location. A survey could be inserted in the Fall City newsletter to get interest from the general public.

The Christmas parade will be the first Saturday in December. The little red wagon idea will be pursued. We will start early to promote it and encourage participation from citizens, businesses and local groups. A decorated wagon will be entered into the Homecoming Parade to promote the idea. All entries must be non-motorized. Those pulling the wagons will be encouraged to dress up as well. The theme will be "Christmas Carols". Flyers will be sent home through the school to promote the Christmas parade. Local groups will be contacted to encourage them to sell food items on the square. A committee of Teri Evans, Ginny Zoellers and Amy Byergo will continue to talk about ideas to boost up participation in the Christmas parade.

The board discussed briefly a request to host an open house for the new Guard mgr. It was decided not to do that.

The Missouri Association of Fairs and Festivals provides tickets for the state fair to its members on Fair Day August 16. Those who would like to go should let the Director know so they can be added to the list so tickets are available to them at the gate.

BILL NO. RESOLUTION NO. R-14-

A BILL TO CREATE A RESOLUTION ENTITLED:

"A RESOLUTION OF INTENT TO PARTICIPATE IN THE PLANNING PROCESS FOR THE 5-YEAR UPDATE OF THE 'BOONE COUNTY HAZARD MITIGATION PLAN'."

WHEREAS, the City of Centralia, Missouri recognizes that no community is immune from natural hazards, whether it be tornado/severe thunderstorm, flood, severe winter weather, drought, extreme heat, earthquake, dam or levee failure, land subsidence/sinkhole collapse, or wildfire and recognizes the importance of enhancing its ability to withstand natural hazards as well as the importance of reducing the human suffering, property damage, interruption of public services and economic losses caused by those hazards; and

WHEREAS, the Federal Emergency Management Agency (FEMA) and the State Emergency Management Agency (SEMA) have developed a natural hazard mitigation program that assists communities in their efforts to become disaster-resistant and sustainable communities focused not just on emergency preparedness and disaster relief, but also on pre-disaster mitigation and post-disaster recovery, mitigation and reconstruction; and

WHEREAS, the County of Boone will enter into a contractual agreement with the Mid-Missouri Regional Planning Commission to lead the planning process for the update of the "Boone County Hazard Mitigation Plan" and the City of Centralia, Missouri desires to commit to working with government and community partners to update this multi-jurisdictional hazard mitigation plan; and

WHEREAS, SEMA has offered to make federal funds available for this update planning process with the stipulation that a 25% local match be provided by the jurisdictions for which the plan is being prepared and this local match of $6,250 can be met by in-kind services of participation in the planning process; and

WHEREAS, by fulfilling all the requirements of a "participating jurisdiction" in the planning process for the update of the "Boone County Hazard Mitigation Plan" the City of Centralia, Missouri will be eligible to apply for FEMA pre-disaster and post-disaster mitigation grant funds.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF CENTRALIA, MISSOURI, as follows:

SECTION 1. The City of Centralia, Missouri shall fulfill the following requirements of being a participating jurisdiction in the update of the "Boone County Hazard Mitigation Plan" by:

1. Appointing City Administrator Matt Harline as representative to participate in the planning process by attending planning meetings and acting as liaison between the planning committee and the governing body of the City of Centralia, Missouri; and

2. Making information about the City of Centralia, Missouri which is necessary to the planning process available to the planning committee, unless that information is deemed to be of a confidential nature; and

3. Working with the representative of the City of Centralia, Missouri and the consultant from the

Mid-Missouri Regional Planning Commission to develop a plan for the administration and implementation of mitigation actions which have been developed through the planning process and are specific to the City of Centralia, Missouri and

4. Reviewing a draft of the updated "Boone County Hazard Mitigation Plan" before it is submitted to FEMA for approval; and

5. Formally adopting the updated "Boone County Hazard Mitigation Plan", by resolution of the Board of Aldermen of the City of Centralia, Missouri, as the City of Centralia, Missouri's hazard mitigation plan after plan approval by FEMA.

SECTION 2. All Motions or Resolutions in conflict herewith are hereby repealed.

SECTION 3. This resolution shall take effect and be in full force and effect from and after the date of its passage and approval.

PASSED AND APPROVED this 21st of July, 2014.

_____
Mayor Tim Grenke

ATTEST:

_____
City Clerk Heather Lockett

G:\LYNN\ARCIVE14\HazardMitigPLanPartic.res

BILL NO. _____ ORDINANCE NO. _____

A BILL TO CREATE AN ORDINANCE ENTITLED:

"AN ORDINANCE AUTHORIZING AND DIRECTING THE MAYOR AND CITY CLERK OF THE CITY OF CENTRALIA. MISSOURI TO EXECUTE A LOT SPLIT DEED TO STEPHEN V. ALBERT AND DEBORAH S. ALBERT, HUSBAND AND WIFE, TO CONVEY A SMALL TRACT OF LAND TO THEM IN CENTRALIA. MISSOURI.'

BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF CENTRALIA. MISSOURI, as follows:

SECTION 1. The Mayor and City Clerk of the City of Centralia, Missouri are hereby authorized and directed to execute a deed on behalf of the City of Centralia. Missouri, for the City of Centralia, Missouri to convey a small tract of land in Centralia, Missouri to Stephen V. Albert and Deborah S. Albert, husband and wife, as allowed by the lot split provisions of the Centralia City Code.

SECTION 2. This ordinance shall take effect and be in full force and effect from and after the date of its passage and approval.

PASSED this 21st day of July, 2014.

_____
Mayor

ATTEST:

_____
City Clerk

This ordinance approved by the Mayor this 21st day of July, 2014.

_____
Mayor

ATTEST:

_____
City Clerk

G:\MERRITT BECK\RESOLUTIONS\PARKING LOT SPLIT DEED STEVE & DEBBIE ALBERT

BILL NO._____ ORDINANCE NO._____

A BILL TO CREATE AN ORDINANCE ENTITLED:

"AN ORDINANCE TO CHANGE THE NAME OF FAIRGROUNDS ROAD IN THE CITY OF CENTRALIA, MISSOURI TO FAIRGROUND STREET."

WHEREAS, the Board of Aldermen of the City of Centralia, Missouri on June 2, 2014 passed Resolution R-14-06 proposing to change the name of Fairgrounds Road in the City of Centralia, Missouri to Fairground Street; and,

WHEREAS, said resolution was published on June 4, 2014 in the Centralia Fireside Guard, a newspaper of general circulation published in Centralia, Missouri; and

WHEREAS, a period of four weeks has elapsed since said publication and there have been no written objections to the said proposed change of street name filed with the City Clerk.

NOW, THEREFORE BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF CENTRALIA, MISSOURI, as follows:

SECTION 1. The name of Fairgrounds Road in the City of Centralia, Missouri is hereby changed to Fairground Street.

SECTION 2. The City Clerk of the City of Centralia, Missouri is hereby directed to record a certified copy of this ordinance in the real estate records of the Recorder of Deeds of Boone County, Missouri.

SECTION 3. All ordinances or parts of ordinances in conflict herewith are hereby repealed.

SECTION 4. This ordinance shall take effect and be in full force and effect from and after the date of its passage and approval.

PASSED this 21st day of July, 2014.

_____
Mayor Tim Grenke

ATTEST:

_____
City Clerk Heather Lockett

This ordinance approved by the Mayor this 21st day of July, 2014.

_____
Mayor Tim Grenke

ATTEST:

_____

City Clerk Heather Lockett

G:\LYNN\ARCIVE14\StNameChange.ord