

**REPORT OF  
CITY OF CENTRALIA  
MARCH 31, 2016**

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>FINANCIAL SECTION</b>	
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 13
Basic Financial Statements:	
Government-Wide:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets, Liabilities and Fund Balances	16
Reconciliation of the Governmental Funds Statement of Assets, Liabilities and Fund Balances to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Proprietary Funds:	
Statement of Net Position	20
Statement of Revenues, Expenses and Changes in Fund Net Position	21
Statement of Cash Flows	22
Fiduciary Funds:	
Statement of Fiduciary Net Position	23
Notes to Basic Financial Statements	24 - 46
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Budgetary Comparison Schedule – General Fund	47
LAGERS (Pension Plan) Schedule of Changes in Net Pension Liability and Related Ratios	48
LAGERS (Pension Plan) Schedule of Contributions – Last Ten Fiscal Years	49
<b>SUPPLEMENTARY INFORMATION:</b>	
Non-Major Governmental Funds:	
Combining Statement of Assets, Liabilities and Fund Balances	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	51

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Centralia, Missouri (the City), as of and for the year ended March 31, 2016, 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 opinions.

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Centralia, Missouri as of March 31, 2016, 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, in 2016 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 an opinion 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.

*William Keiper LLC*

August 10, 2016

## 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, 2016. The City has endeavored, with the assistance of our auditors, to incorporate several requirements of the Governmental Accounting Standards Board (GASB), including GASB 34 relating to capital assets, GASB 65 relating to deferred inflows and outflows, and GASB 68 relating to our pension plan. 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 24-46 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 \$16,904,516. Of this amount, \$2,838,416 may be used to meet the government's ongoing obligations to citizens and creditors without limitations.
- The City's total net position increased by \$149,900, compared to an increase in the prior year of \$85,683. The City made investments 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 cost to the City of the transmission of whole electric power went down slightly, so there was no need for a rate increase.
- At the close of the current fiscal year, the City of Centralia's governmental funds reported combined ending fund balances of \$2,816,116 an increase of \$523,717 in comparison with the prior year. Approximately 13.7% 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 \$414,185 or 23.3% of total General Fund expenditures.
- The total bonded debt for the City of Centralia decreased by \$35,000 (50%) during the current fiscal year, through a payment on the Library bond issue. The bond matures in September 2016. The City refinanced the original construction of the community recreation center, which included the construction of a new building for the municipal swimming pool. The City has twenty years remaining on the newly issued public facilities revenue bond (principal of \$2,355,000) for the recreation center and municipal swimming pool. Just over eight years remain on a lease-purchase contract to fund construction of an electric substation (principal of \$1,050,000).

### 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 14 and 15 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 and the Parks and Recreation Sales Tax Fund (major funds). 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 50 and 51.

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 16-19 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, and for accounting and clerical services available to multiple City departments.

accrued employee benefits, but that fund was dissolved in the current year. The City's immediate and long-term accrued employee benefits are now accounted for in the governmental and proprietary funds in which the employees primarily work.

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 two 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 20-22 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 23 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. The notes to the financial statements can be found on pages 24-46 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 48 and 49.

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 50 and 51 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 \$16,904,516 at the close of the most recent fiscal year.

By far the largest portion of the City of Centralia's net position (64.6%) 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 (18.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$2,838,416) may be used to meet the government's ongoing obligations to citizens and creditors. The increases in current and other assets, deferred outflows of resources, and deferred inflows of resources are mainly attributable to the City's implementation of GASB 68 relating to our pension plan. The increase in long-term liabilities is mainly attributable to the refinancing of the recreation center and construction of the municipal swimming pool, as well as the financing of a fire truck purchase.

## City of Centralia's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$ 2,823,040	\$ 4,159,494	\$ 2,700,438	\$ 3,014,489	\$ 5,523,478	\$ 7,173,983
Capital assets	7,792,055	8,217,147	5,807,940	5,674,098	13,599,995	13,891,245
Total assets	10,615,095	12,376,641	8,508,378	8,688,587	19,123,473	21,065,228
Deferred outflows of resources	-	167,334	-	64,266	-	231,600
Total deferred outflows of resources	-	167,334	-	64,266	-	231,600
Current liabilities	215,419	99,226	388,512	337,195	603,931	436,421
Long-term liabilities	1,693,873	2,635,957	1,236,326	1,183,746	2,930,199	3,819,703
Total liabilities	1,909,292	2,735,183	1,624,838	1,520,941	3,534,130	4,256,124
Deferred inflows of resources	-	98,398	-	37,790	-	136,188
Total deferred inflows of resources	-	98,398	-	37,790	-	136,188
Net position						
Net investment in capital assets	6,185,131	6,291,053	4,673,424	4,633,879	10,858,555	10,924,932
Restricted	1,396,649	2,861,636	-	279,532	1,396,649	3,141,168
Unrestricted	1,124,023	557,705	2,210,116	2,280,711	3,334,139	2,838,416
Total net position	\$ 8,705,803	\$ 9,710,394	\$ 6,883,540	\$ 7,194,122	\$ 15,589,343	\$ 16,904,516
Net position, ending (as originally reported)					\$ 15,589,343	\$ 16,904,516
Effect of prior period adjustment					1,165,273	-
Net position, ending (as restated)					\$ 16,754,616	\$ 16,904,516

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 \$162,652 and the business-type net position decreased by \$12,752, resulting in an increase of \$149,900 in the total net position of the City of Centralia. This overall increase in total net position reflects an increase of 1.7% for governmental activities, compared to a 0.2% decrease for business-type activities. Key elements of this increase are as follows:

- Property taxes increased by 10.6% 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 was awarded a new grant from MoDOT as part of the Safe Routes to Schools Program to install a sidewalk in front of Centralia High School. Engineering was completed during the year described in this report and construction will take place next year.
- Operation of the City's recreation center continues to be self-supporting. Service charges were sufficient to cover operational losses for the swimming pool and still generated a surplus in the present year. The City chose to take advantage of historically low interest rates to refinance the recreation center. In addition to the refinancing, the City had an opportunity to fund a project to renovate the obsolete pool building (locker rooms, concessions, and staff offices) and add a splash pad facility that will be open longer hours than the pool. 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 \$12,752. Key elements of this decrease are as follows:

- Revenues for electric power were adequate to cover operating expenses and were essentially flat (less than a 1% gain) over the prior year's revenues. The City did not need to raise electric rates as additional transmission costs were offset by the sale of capacity credits owned by the City as part of our investment in Prairie State. Water revenues and expenditures increased slightly this year. Revenues for the Sanitation Fund increased, primarily due to an increase in rates late in the fiscal year to offset the increase in tipping fees charged by the City of Columbia's landfill.
- Investment revenue on significant cash balances remained low, reflecting national interest rates.
- The Sewer Fund expenditures remained at a higher level due to capital investment projects. Financing for the projects included use of fund reserves set aside from the previous fiscal year.

### City of Centralia's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program revenues:						
Charges for services	\$ 882,531	\$ 840,630	\$ 4,549,107	\$ 4,630,331	\$ 5,431,638	\$ 5,470,961
Capital grants	72,082	93,141	-	-	72,082	93,141
Operating grants	39,375	42,682	471	1,274	39,846	43,956
General revenues:						
Property taxes	494,218	546,594	-	-	494,218	546,594
Sales taxes	916,590	859,635	-	-	916,590	859,635
Gross receipts	494,795	435,312	-	-	494,795	435,312
Surcharge	118,002	121,123	-	-	118,002	121,123
Gas and motor fuel tax	106,277	106,317	-	-	106,277	106,317
Miscellaneous	7,074	5,633	1,305	5,008	8,379	10,641
County payments	55,468	61,523	-	-	55,468	61,523
Gain on sale of capital assets	-	38,917	-	-	-	38,917
Interest income	5,704	8,310	3,113	4,616	8,817	12,926
Net transfers in (out)	104,510	120,491	(104,510)	(120,491)	-	-
Total revenues	<u>3,296,626</u>	<u>3,280,308</u>	<u>4,449,486</u>	<u>4,520,738</u>	<u>7,746,112</u>	<u>7,801,046</u>
Expenses:						
General government	636,241	713,743	-	-	636,241	713,743
Public safety	1,004,170	1,010,308	-	-	1,004,170	1,010,308
Public works	618,702	507,601	-	-	618,702	507,601
Community planning and economic development	45,317	10,215	-	-	45,317	10,215
Culture and recreation	652,238	639,434	-	-	652,238	639,434
Cemetery	45,888	42,971	-	-	45,888	42,971
Interest expense	93,002	193,384	-	-	93,002	193,384
Electric	-	-	3,247,957	3,237,585	3,247,957	3,237,585
Water	-	-	585,231	525,114	585,231	525,114
Wastewater	-	-	323,173	339,078	323,173	339,078
Sanitation	-	-	408,510	431,713	408,510	431,713
Total expenses	<u>3,095,558</u>	<u>3,117,656</u>	<u>4,564,871</u>	<u>4,533,490</u>	<u>7,660,429</u>	<u>7,651,146</u>
Increase in net position	201,068	162,652	(115,385)	(12,752)	85,683	149,900
Net position, beginning (as restated)	<u>8,504,735</u>	<u>9,547,742</u>	<u>6,998,925</u>	<u>7,206,874</u>	<u>15,503,660</u>	<u>16,754,616</u>
Net position, ending	<u>\$ 8,705,803</u>	<u>\$ 9,710,394</u>	<u>\$ 6,883,540</u>	<u>\$ 7,194,122</u>	<u>\$ 15,589,343</u>	<u>\$ 16,904,516</u>
Net position, ending (as originally reported)					\$ 15,589,343	\$ 16,904,516
Effect of prior period adjustment					1,165,273	-
Net position, ending (as restated)					<u>\$ 16,754,616</u>	<u>\$ 16,904,516</u>

## 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 \$2,816,116, an increase of \$523,717 in comparison with the prior year. Approximately 13.7% of this total amount (\$385,858) 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 (\$937,037), to generate income to pay for the perpetual care of the municipal cemetery (\$452,963), for capital construction (\$340,584) or for recreation functions (\$162,312). Smaller portions are *nonspendable*, in that the City of Centralia cannot spend the resources, and *committed*, in that the City of Centralia has 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 \$548,713. 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 23.3% percent of total General Fund expenditures.

The fund balance of the City of Centralia's General Fund decreased by \$255,209 during the current fiscal year. This is less than the increase in fund balance in the previous year of \$142,833. Key components in this change are:

- Revenue from property taxes exceeded budgeted expectations (5.8%), but only slightly exceeded actual revenues from the previous year (1.3%). Sales taxes almost exactly met budget targets (-0.13%), but actual revenues were below the previous year (-7.42%), especially compared a 12.2% increase in FY15 over FY14. Overall gross receipts taxes exceeded budget projections (2.8%), but fell below the revenues from previous year (-4.9%). State-collected motor fuels taxes slightly exceeded both budget projections and the previous year, whereas those on auto sales increased substantially. Court fine receipts were below the budgeted amount, and significantly less than the preceding year. Fines have never been a major source of revenue for the City of Centralia. In FY16 they made up 1.2% and in FY15 they made up 1.4% of total General Fund revenues.
- 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. Furthermore, the municipal utilities do not pay the property taxes which would otherwise be collected from a private utility.
- The General Fund made a significant transfer to one of the internal service funds to close out its operations.

The Centralia Recreation Center completed its sixth 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 principal and interest (\$40,341) on the original lease-purchase agreement before it was refinanced. Proceeds also paid principal and interest (\$62,437) on the refinanced debt this year.

The Parks and Recreation Sales Tax Fund became a major fund this year. As of March 31, 2016, the fund balance in this fund was \$913,609. This fund is primarily used to pay the debt on the recreation center and related improvements. The tax as voted on can also be used for storm water projects, but for the foreseeable future it will be dedicated to parks and recreation projects.

**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 \$685,095; those for the Sewer Fund amounted to \$262,551; those for the Electric Fund amounted to \$1,206,365; and those for the Sanitation Fund amounted to \$126,700. 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 \$84,354 to cover the possible “post-closure” costs of monitoring, maintenance, and repair to sanitary landfill sites which are no longer in use.

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

Actual General Fund revenues (including inter-fund transfers) exceeded budgeted targets by \$38,028. Total expenditures and transfers out were approximately \$383,072 less than budgeted. This is significantly distorted because the City did not have to make use of contingency reserves, which we budget annually as expenditures to allow us to spend the funds in case of emergency. If the contingency funds budgeted as expenditures are removed, the actual expenditures were close to the anticipated amounts.

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 45.4% 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, 2016, amounts to \$10,924,932 (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 increase in the City of Centralia’s investment in capital assets for the current fiscal year was only 0.6%.

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

- The City contracted for asphalt overlay improvements to 2.3 miles of City streets in the amount of \$162,871.
- The Fire Department purchased a new E-One “mini-pumper” fire truck through a lease-purchase agreement. The cost of the vehicle was \$198,348, which will be paid off over the next five years with payments of \$44,000 being made each year.
- The Parks and Recreation Department refinanced the recreation center and renovation of the municipal pool. Significant savings were made on the interest cost to the City.
- Storm sewers under Gano Chance and South Jefferson Street were in situ lined at a cost of \$66,000.

- The Street Department purchased a front loader on a three-year lease purchase agreement. With offsetting revenues from the sale of the old front loader, the City was able to make an initial payment of \$55,000.
- New electrical conduit was installed under the Norfolk-Southern and the Kansas City Southern railroad tracks. The cost of boring and installing the conduit was \$164,967.

Additional detailed and summary information on the City of Centralia’s capital assets can be found in Note 7 on pages 36 and 37 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 \$35,000. 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**

<u>Fiscal</u> <u>Year</u>	<u>Library</u> <u>Principal</u>	<u>Bonds</u> <u>Interest</u>
2016-2017	\$35,000	\$ 1,960

The Library Bonds Debt Service Fund has a reserve balance of \$23,428, sufficient to meet a large portion of the debt services requirement of \$36,960 in 2016-17. 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 2016 levy should not exceed that of 2015 (\$0.0785 per \$100 of assessed valuation). The levy should probably remain stable for the remaining year 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 \$2,577,003 based on a final assessed valuation for 2015 of \$51,540,058. 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.

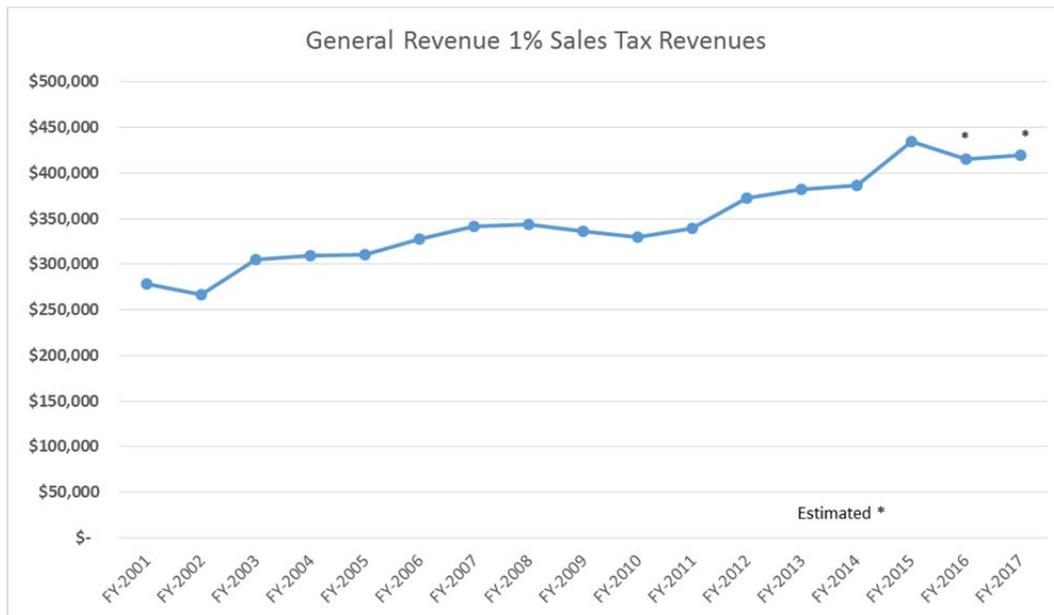
In 2008, the City contracted for a capital lease for the Centralia Recreation Center in the principal amount of \$1,985,000. Debt service payments reduced the outstanding principal to \$1,550,000 by March 31, 2015. In November 2015, the City, in cooperation with the Industrial Development Authority of Centralia, refinanced the outstanding amount to realize interest savings and to fund improvements to the municipal pool as described above. Revenue bonds in the amount of \$2,390,000 were sold to fund the project. Debt service payments are to be made from the proceeds of the Parks and Recreation 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 \$1,050,000 by March 31, 2016. 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 38-40 of the notes to the financial statements. Additional information on long-term debt can be found in Note 10 on pages 40 and 41.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The unemployment rate for the City of Centralia is not separately calculated. The rate for all of Boone County was 3.4% (not seasonally adjusted) for April 2016. During 2014, a large lumber and hardware dealer opened a new, larger building on Highway 22, and Hubbell/Chance (Centralia's principal employer) moved forward on a multi-year project to expand and update facilities. We also saw a number of small businesses open, including a yoga studio, a yogurt shop, an events center, and a second barber shop. In 2015, MFA completed a \$2,000,000 expansion that included two new grain silos, a new control room, and a new maintenance shop. In 2016, both Dollar Tree and Dollar General are constructing new retail stores.
- Sales tax revenues were down 7.4% in 2015-16 as compared to 2014-15, but still 3.9% higher than 2013-14. General Fund sales tax revenues are cautiously budgeted at \$420,000 for 2016-17, and receipts in the early months of the new fiscal year are slightly ahead of monthly targets.



- The local housing market has shown slow, steady growth, which seems to be offsetting the decreasing stock of available existing homes for sale. The following list shows permits issued for the construction of new residential units in each of the last five calendar years:

2011	24 units
2012	19 units
2013	21 units
2014	28 units
2015	23 units

Permits for 24 new units have been issued through June 2016.

- 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 for each of the last five fiscal years.

<u>Fiscal Year</u>	<u>Real Estate Valuation</u>	<u>Total Valuation</u>
2011-2012	\$34,392,419	\$45,526,069
2012-2013	\$34,979,368	\$46,072,039
2013-2014	\$35,126,345	\$47,020,403
2014-2015	\$36,132,131	\$48,995,944
2015-2016	\$39,065,754	\$53,805,472

During the current fiscal year, unrestricted fund balance in the General Fund decreased to \$548,713. The City of Centralia has appropriated \$30,171 of this amount for spending in the 2016-17 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 2016-17 fiscal year anticipates that total transfers from the Electric and Water Funds will be \$110,000, the same as the 2015-16 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 sanitation and electric services will remain at present levels for fiscal year 2016-17. The rates for water and sewer were increased 5% in 2016 and will likely see steady increases for the next several years. During 2010, the City negotiated for a contract for the purchase of wholesale power for a three-year period beginning January 1, 2012. Those contracts have been extended through May 2017 at a lower cost. A new contract for power was negotiated in 2015-16 and will result in additional decreases in the cost of electric energy; however, these decreases will largely be offset by the increase in the cost of electric capacity costs (an allotment from actual power plants sufficient to cover the needs of Centralia). The need for future rate increases will need to be monitored on an annual basis.

Major one-time expenditures included in the fiscal year 2016-17 budget or continuing from the 2015-16 budget include:

- Continued payments on the new "mini-pumper" style apparatus for the Fire Department via a five-year lease purchase agreement - \$44,000
- Asphalt overlay of 1.6 miles of existing City streets - \$231,218
- Reserve for eventual relocation of Randolph Street, and improvements to Wigham Street and Gano Chance Drive - \$145,428
- Removal of dilapidated housing - up to \$7,500
- Extending electric wire through the newly installed conduit under the railroad tracks to improve the resilience and reliability of the City's electric grid - \$85,000
- Mapping the storm sewer facilities in the GIS system - \$35,000
- Purchase and installation of a new aerator at the water treatment plant - \$50,000
- Initiation of a three-year lease purchase agreement for a front loader for the Street Department - \$44,333
- 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 - \$152,107
- Debt service on outstanding Library Bonds - \$36,960
- Landfill closure reserve - \$84,354
- 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.

CITY OF CENTRALIA  
STATEMENT OF NET POSITION  
March 31, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,876,398	\$ 1,923,464	\$ 3,799,862
Accounts and grants receivable, net of allowance for doubtful accounts of \$4,008	2,070	414,201	416,271
Inventories	-	344,248	344,248
Taxes receivable, net of allowance for doubtful accounts of \$2,761	211,069	-	211,069
Internal balances	7,350	(7,350)	-
Other assets	5,555	-	5,555
Restricted assets:			
Cash and cash equivalents	1,090,183	50,613	1,140,796
Investments	239,031	9,781	248,812
Capital assets:			
Non-depreciable	658,577	192,374	850,951
Depreciable, net	7,558,570	5,481,724	13,040,294
Net pension plan asset	727,838	279,532	1,007,370
Total assets	<u>12,376,641</u>	<u>8,688,587</u>	<u>21,065,228</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan - contributions	36,608	14,060	50,668
Pension plan - other	130,726	50,206	180,932
Total deferred outflows of resources	<u>167,334</u>	<u>64,266</u>	<u>231,600</u>
<b>LIABILITIES</b>			
Accounts payable	38,366	254,180	292,546
Sales tax payable	-	31,346	31,346
Customer security deposits	-	50,613	50,613
Accrued interest payable	3,971	1,056	5,027
Unearned revenue	56,889	-	56,889
Long-term liabilities:			
Due within one year			
Accrued employee benefits	22,744	24,202	46,946
Bonds payable	35,000	-	35,000
Leases payable	168,146	108,000	276,146
Due in more than one year			
Accrued employee benefits	23,672	25,190	48,862
Accrued landfill closure costs	-	84,354	84,354
Leases payable	2,386,395	942,000	3,328,395
Total liabilities	<u>2,735,183</u>	<u>1,520,941</u>	<u>4,256,124</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan - other	98,398	37,790	136,188
Total deferred inflows of resources	<u>98,398</u>	<u>37,790</u>	<u>136,188</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,291,053	4,633,879	10,924,932
Restricted for:			
Expendable:			
Debt service	937,037	-	937,037
Culture and recreation	162,312	-	162,312
Perpetual care	452,963	-	452,963
Capital projects	340,584	-	340,584
Pension plan	727,838	279,532	1,007,370
Nonexpendable:			
Perpetual care	240,902	-	240,902
Unrestricted	557,705	2,280,711	2,838,416
Total net position	<u>\$ 9,710,394</u>	<u>\$ 7,194,122</u>	<u>\$ 16,904,516</u>

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

CITY OF CENTRALIA  
STATEMENT OF ACTIVITIES  
Year Ended March 31, 2016

Program/function	Program revenues				Net revenue (expense) and changes in net position		Total
	Expenses	Charges for services	Capital grants and contributions	Operating grants and contributions	Governmental activities	Business-type activities	
<b>Governmental activities:</b>							
General government	\$ 713,743	\$ 177,312	\$ 11,298	\$ 1,398	\$ (523,735)	\$ -	\$ (523,735)
Public safety	1,010,308	18,876	-	7,223	(984,209)	-	(984,209)
Public works	507,601	266,388	81,818	-	(159,395)	-	(159,395)
Community planning and economic development	10,215	-	-	-	(10,215)	-	(10,215)
Culture and recreation	639,434	357,254	25	-	(282,155)	-	(282,155)
Cemetery	42,971	20,800	-	34,061	11,890	-	11,890
Interest expense	193,384	-	-	-	(193,384)	-	(193,384)
Total governmental activities	<u>3,117,656</u>	<u>840,630</u>	<u>93,141</u>	<u>42,682</u>	<u>(2,141,203)</u>	<u>-</u>	<u>(2,141,203)</u>
<b>Business-type activities:</b>							
Electric	3,237,585	3,322,993	-	1,274	-	86,682	86,682
Water	525,114	608,689	-	-	-	83,575	83,575
Wastewater	339,078	252,971	-	-	-	(86,107)	(86,107)
Sanitation	431,713	445,678	-	-	-	13,965	13,965
Total business-type activities	<u>4,533,490</u>	<u>4,630,331</u>	<u>-</u>	<u>1,274</u>	<u>-</u>	<u>98,115</u>	<u>98,115</u>
<b>Total</b>	<u>\$ 7,651,146</u>	<u>\$ 5,470,961</u>	<u>\$ 93,141</u>	<u>\$ 43,956</u>	<u>\$ (2,141,203)</u>	<u>\$ 98,115</u>	<u>\$ (2,043,088)</u>
<b>General revenue:</b>							
Taxes							
Property taxes					546,594	-	546,594
Sales taxes					859,635	-	859,635
Gross receipts					435,312	-	435,312
Surcharge					121,123	-	121,123
Gas and motor fuel tax					106,317	-	106,317
Miscellaneous					5,633	5,008	10,641
County payments					61,523	-	61,523
Interest income					8,310	4,616	12,926
Net transfers in (out) from other funds					120,491	(120,491)	-
Total general revenues					<u>2,303,855</u>	<u>(110,867)</u>	<u>2,192,988</u>
Changes in net position					162,652	(12,752)	149,900
Net position, April 1 (as restated)					9,547,742	7,206,874	16,754,616
Net position, March 31					<u>\$ 9,710,394</u>	<u>\$ 7,194,122</u>	<u>\$ 16,904,516</u>

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, 2016**

	General Fund	Parks and Recreation Sales Tax Fund	Non-Major Funds	Totals
<b>ASSETS</b>				
Cash and cash equivalents	\$ 435,021	\$ 192,673	\$ 752,737	\$ 1,380,431
Accounts receivable	1,035	-	1,035	2,070
Taxes receivable, net of allowance for doubtful accounts of \$2,761	141,183	28,897	40,989	211,069
Due from other funds	22,123	28,592	-	50,715
Other assets	-	-	5,555	5,555
Restricted assets				
Cash and cash equivalents	-	663,447	426,736	1,090,183
Investments	-	-	239,031	239,031
Total assets	<u>\$ 599,362</u>	<u>\$ 913,609</u>	<u>\$ 1,466,083</u>	<u>\$ 2,979,054</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 32,489	\$ -	\$ 2,180	\$ 34,669
Due to other funds	-	-	43,365	43,365
Unearned revenue	-	-	56,889	56,889
Total liabilities	<u>32,489</u>	<u>-</u>	<u>102,434</u>	<u>134,923</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	18,160	-	9,855	28,015
Total deferred inflows of resources	<u>18,160</u>	<u>-</u>	<u>9,855</u>	<u>28,015</u>
<b>FUND BALANCES</b>				
Nonspendable				
Perpetual care	-	-	240,902	240,902
Restricted for:				
Debt service	-	913,609	23,428	937,037
Culture and recreation	-	-	162,312	162,312
Perpetual care	-	-	452,963	452,963
Capital projects	-	-	340,584	340,584
Committed for:				
Culture and recreation	-	-	149,565	149,565
Capital projects	134,528	-	12,367	146,895
Unassigned	414,185	-	(28,327)	385,858
Total fund balances	<u>548,713</u>	<u>913,609</u>	<u>1,353,794</u>	<u>2,816,116</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 599,362</u>	<u>\$ 913,609</u>	<u>\$ 1,466,083</u>	<u>\$ 2,979,054</u>

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, 2016**

Fund balances - total governmental funds		\$ 2,816,116
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	13,256,736	
Less accumulated depreciation	<u>(5,039,589)</u>	
		8,217,147
Other long term assets and deferred outflows are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds:		
Net pension plan asset		727,838
Pension plan - contributions		36,608
Pension plan - other		130,726
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		
		492,270
Long-term liabilities and deferred inflows, 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:		
Accrued interest payable	(3,971)	
Accrued employee benefits	(46,416)	
Bonds payable	(35,000)	
Leases payable	(2,554,541)	
Pension plan - other	<u>(98,398)</u>	
		(2,738,326)
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		
		<u>28,015</u>
Net position of governmental activities		<u><u>\$ 9,710,394</u></u>

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

**CITY OF CENTRALIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES**  
**Year Ended March 31, 2016**

	General Fund	Parks and Recreation Sales Tax Fund	Non-Major Funds	Totals
<b>REVENUES</b>				
Taxes	\$ 1,272,168	\$ 201,861	\$ 439,796	\$ 1,913,825
Licenses and permits	37,793	-	-	37,793
Charges for services	1,734	-	369,271	371,005
Intergovernmental revenues	239,071	-	81,817	320,888
Fines and forfeitures	18,876	-	-	18,876
Miscellaneous				
Interest	5,405	671	2,234	8,310
Contributions	1,398	-	34,086	35,484
Other	211	-	10,108	10,319
Total revenues	<u>1,576,656</u>	<u>202,532</u>	<u>937,312</u>	<u>2,716,500</u>
<b>EXPENDITURES</b>				
General government	404,703	-	-	404,703
Public safety	966,453	-	-	966,453
Public works	221,200	-	-	221,200
Community planning and economic development	10,215	-	-	10,215
Culture and recreation	-	-	520,256	520,256
Cemetery	-	-	41,901	41,901
Capital outlay	174,474	236,553	189,278	600,305
Debt service	4,161	1,698,145	41,146	1,743,452
Total expenditures	<u>1,781,206</u>	<u>1,934,698</u>	<u>792,581</u>	<u>4,508,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(204,550)</u>	<u>(1,732,166)</u>	<u>144,731</u>	<u>(1,791,985)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	110,000	-	82,808	192,808
Operating transfers (out)	(204,723)	(34,308)	(15,383)	(254,414)
Debt issuance				
Proceeds	-	2,390,000	-	2,390,000
Issuance costs	-	(56,756)	-	(56,756)
Proceeds from sale of capital assets	44,064	-	-	44,064
Total other financing sources	<u>(50,659)</u>	<u>2,298,936</u>	<u>67,425</u>	<u>2,315,702</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(255,209)	566,770	212,156	523,717
Fund balances, April 1	803,922	346,839	1,141,638	2,292,399
<b>FUND BALANCES, MARCH 31</b>	<u><u>\$ 548,713</u></u>	<u><u>\$ 913,609</u></u>	<u><u>\$ 1,353,794</u></u>	<u><u>\$ 2,816,116</u></u>

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, 2016**

Net change in fund balances - total governmental funds	\$	523,717
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	600,305	
Depreciation	<u>(366,972)</u>	233,333
In the statement of activities, only the gain on the sale of capital assets 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.		
		(7,782)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes		4,265
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:		
Bonds issued	(2,390,000)	
Principal payments	1,625,000	
Amortization of discounts from lease purchases	(18,076)	
Change in interest payable	<u>(100)</u>	(783,176)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Compensated absences		86,949
Pension plan		(45,165)
Internal service funds are used by the City to charge the costs of financial services and equipment maintenance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		
		<u>150,511</u>
Change in net position of governmental activities	\$	<u><u>162,652</u></u>

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

**CITY OF CENTRALIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**March 31, 2016**

	Major Enterprise Funds				Total Enterprise Funds	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund		
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 946,554	\$ 482,539	\$ 242,277	\$ 252,094	\$ 1,923,464	\$ 495,967
Accounts receivable, net of allowance for doubtful accounts of \$4,008	320,919	60,940	24,715	7,627	414,201	-
Inventories	255,123	89,125	-	-	344,248	-
Due from other funds	-	63,619	-	-	63,619	-
<b>Total current assets</b>	<b>1,522,596</b>	<b>696,223</b>	<b>266,992</b>	<b>259,721</b>	<b>2,745,532</b>	<b>495,967</b>
Restricted assets:						
Customer security deposits, cash	35,220	15,393	-	-	50,613	-
Restricted investments	9,781	-	-	-	9,781	-
Capital assets:						
Non-depreciable	18,822	24,346	149,206	-	192,374	-
Depreciable, net	2,447,309	1,136,769	1,848,705	48,941	5,481,724	-
Net pension plan asset	120,018	68,986	24,922	65,606	279,532	-
<b>Total assets</b>	<b>4,153,746</b>	<b>1,941,717</b>	<b>2,289,825</b>	<b>374,268</b>	<b>8,759,556</b>	<b>495,967</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension plan - contributions	6,036	3,470	1,254	3,300	14,060	-
Pension plan - other	21,556	12,391	4,476	11,783	50,206	-
<b>Total deferred outflows of resources</b>	<b>27,592</b>	<b>15,861</b>	<b>5,730</b>	<b>15,083</b>	<b>64,266</b>	<b>-</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	216,463	-	2,075	35,642	254,180	3,697
Sales tax payable	31,346	-	-	-	31,346	-
Accrued employee benefits	10,388	8,655	-	5,159	24,202	-
Accrued interest payable	1,056	-	-	-	1,056	-
Lease payable	108,000	-	-	-	108,000	-
Due to other funds	57,533	-	4,727	8,709	70,969	-
<b>Total current liabilities</b>	<b>424,786</b>	<b>8,655</b>	<b>6,802</b>	<b>49,510</b>	<b>489,753</b>	<b>3,697</b>
Payable from restricted assets:						
Customer security deposits	35,220	15,393	-	-	50,613	-
Long-term liabilities:						
Accrued employee benefits	10,812	9,008	-	5,370	25,190	-
Lease payable	942,000	-	-	-	942,000	-
Estimated landfill post closure costs	-	-	-	84,354	84,354	-
<b>Total liabilities</b>	<b>1,412,818</b>	<b>33,056</b>	<b>6,802</b>	<b>139,234</b>	<b>1,591,910</b>	<b>3,697</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension plan - other	16,225	9,326	3,369	8,870	37,790	-
<b>Total deferred inflows of resources</b>	<b>16,225</b>	<b>9,326</b>	<b>3,369</b>	<b>8,870</b>	<b>37,790</b>	<b>-</b>
<b>NET POSITION</b>						
Net investment in capital assets	1,425,912	1,161,115	1,997,911	48,941	4,633,879	-
Restricted for pension plan	120,018	68,986	24,922	65,606	279,532	-
Unrestricted	1,206,365	685,095	262,551	126,700	2,280,711	492,270
<b>Total net position</b>	<b>\$ 2,752,295</b>	<b>\$ 1,915,196</b>	<b>\$ 2,285,384</b>	<b>\$ 241,247</b>	<b>\$ 7,194,122</b>	<b>\$ 492,270</b>

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, 2016**

	Major Funds				Total Enterprise Funds	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund		
<b>OPERATING REVENUES</b>						
Charges for services	\$ 3,322,993	\$ 608,689	\$ 252,971	\$ 445,678	\$ 4,630,331	\$ 403,962
Contributions	1,274	-	-	-	1,274	-
Miscellaneous	5,008	-	-	-	5,008	-
<b>Total operating revenues</b>	<b>3,329,275</b>	<b>608,689</b>	<b>252,971</b>	<b>445,678</b>	<b>4,636,613</b>	<b>403,962</b>
<b>OPERATING EXPENSES</b>						
Planning and administration	95,429	75,306	17,897	61,136	249,768	140,127
Communication	44,003	21,450	21,239	-	86,692	-
Well operation, maintenance and repair	-	59,498	-	-	59,498	-
Distribution	2,762,195	124,390	-	-	2,886,585	-
Buildings and grounds	28,585	27,851	-	-	56,436	-
Treatment	-	90,059	-	-	90,059	-
Sewerage collections	-	-	62,363	-	62,363	-
Lift operations	-	-	32,830	-	32,830	-
Sewerage treatment collections	-	-	49,588	-	49,588	-
Land application	-	-	10,604	-	10,604	-
Depreciation	152,847	126,560	144,180	14,466	438,053	-
Brush and tree control	75,714	-	-	-	75,714	-
Street lighting	21,315	-	-	-	21,315	-
Equipment operations	-	-	-	-	-	160,864
Trash collection	-	-	-	195,256	195,256	-
Trash disposal	-	-	-	160,097	160,097	-
Miscellaneous	-	-	377	758	1,135	1,192
<b>Total operating expenses</b>	<b>3,180,088</b>	<b>525,114</b>	<b>339,078</b>	<b>431,713</b>	<b>4,475,993</b>	<b>302,183</b>
<b>OPERATING INCOME (LOSS)</b>	<b>149,187</b>	<b>83,575</b>	<b>(86,107)</b>	<b>13,965</b>	<b>160,620</b>	<b>101,779</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>						
Interest expense	(57,497)	-	-	-	(57,497)	-
Interest income	1,516	1,607	737	756	4,616	-
<b>Total non-operating revenues (expenses)</b>	<b>(55,981)</b>	<b>1,607</b>	<b>737</b>	<b>756</b>	<b>(52,881)</b>	<b>-</b>
<b>NET INCOME (LOSS)</b>	<b>93,206</b>	<b>85,182</b>	<b>(85,370)</b>	<b>14,721</b>	<b>107,739</b>	<b>101,779</b>
Operating transfers in	35,646	21,430	-	-	57,076	217,743
Operating transfers (out)	(140,590)	(35,663)	-	(1,314)	(177,567)	(35,646)
<b>Change in net position</b>	<b>(11,738)</b>	<b>70,949</b>	<b>(85,370)</b>	<b>13,407</b>	<b>(12,752)</b>	<b>283,876</b>
Net position, April 1 (as restated)	2,764,033	1,844,247	2,370,754	227,840	7,206,874	208,394
<b>NET POSITION, MARCH 31</b>	<b>\$ 2,752,295</b>	<b>\$ 1,915,196</b>	<b>\$ 2,285,384</b>	<b>\$ 241,247</b>	<b>\$ 7,194,122</b>	<b>\$ 492,270</b>

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, 2016**

	Major Funds				Total Enterprise Funds	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash received from customers	\$ 3,326,555	\$ 595,358	\$ 250,870	\$ 443,996	\$ 4,616,779	\$ 466,692
Cash paid to vendors	(2,873,909)	(293,210)	(154,769)	(289,708)	(3,611,596)	(202,236)
Cash paid to employees	(168,806)	(91,553)	(39,456)	(93,336)	(393,151)	(181,439)
Net cash provided by operating activities	<u>283,840</u>	<u>210,595</u>	<u>56,645</u>	<u>60,952</u>	<u>612,032</u>	<u>83,017</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Operating transfers in (out)	(104,944)	(14,233)	-	(1,314)	(120,491)	182,097
Net change in interfund payables/receivables	11,876	(20,335)	4,727	3,732	-	-
Net cash provided (used) by noncapital financing activities	<u>(93,068)</u>	<u>(34,568)</u>	<u>4,727</u>	<u>2,418</u>	<u>(120,491)</u>	<u>182,097</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Payment for capital acquisitions	(200,438)	(92,358)	(11,414)	-	(304,210)	-
Proceeds from sale of capital assets	3,954	-	-	-	3,954	-
Principal paid on debt	(98,000)	-	-	-	(98,000)	-
Interest paid on debt	(57,550)	-	-	-	(57,550)	-
Net cash used by capital and related financing activities	<u>(352,034)</u>	<u>(92,358)</u>	<u>(11,414)</u>	<u>-</u>	<u>(455,806)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Maturity of investments	3,703	-	-	-	3,703	-
Interest income	1,516	1,607	737	756	4,616	-
Net cash provided by investing activities	<u>5,219</u>	<u>1,607</u>	<u>737</u>	<u>756</u>	<u>8,319</u>	<u>-</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(156,043)</b>	<b>85,276</b>	<b>50,695</b>	<b>64,126</b>	<b>44,054</b>	<b>265,114</b>
Cash and cash equivalents, beginning of year	<u>1,102,597</u>	<u>397,263</u>	<u>191,582</u>	<u>187,968</u>	<u>1,879,410</u>	<u>230,853</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 946,554</b>	<b>\$ 482,539</b>	<b>\$ 242,277</b>	<b>\$ 252,094</b>	<b>\$ 1,923,464</b>	<b>\$ 495,967</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 149,187	\$ 83,575	\$ (86,107)	\$ 13,965	\$ 160,620	\$ 101,779
Adjustments:						
Depreciation and amortization	152,847	126,560	144,180	14,466	438,053	-
(Increase) decrease in assets and deferred outflows:						
Accounts receivable	1,233	(13,331)	(2,101)	(1,682)	(15,881)	62,730
Inventories	8,707	9,547	-	-	18,254	-
Other assets	-	-	-	-	-	18,714
Customer deposits	2,389	1,070	-	-	3,459	-
Net pension plan asset	11,932	6,859	2,478	6,523	27,792	-
Pension plan - contributions	847	486	175	462	1,970	-
Pension plan - other	(21,556)	(12,391)	(4,476)	(11,783)	(50,206)	-
Increase (decrease) in liabilities and deferred inflows:						
Accounts payable	(58,511)	(17,679)	(872)	23,574	(53,488)	(13,257)
Sales tax payable	5,683	-	-	-	5,683	-
Customer deposits	2,389	(1,070)	-	-	1,319	-
Estimated landfill postclosure costs	-	-	-	(3,972)	(3,972)	-
Accrued employee benefits	21,200	17,663	-	10,529	49,392	(86,949)
Accrued interest payable	(53)	-	-	-	(53)	-
Pension plan - other	7,546	9,306	3,368	8,870	29,090	-
Net cash provided by operating activities	<u>\$ 283,840</u>	<u>\$ 210,595</u>	<u>\$ 56,645</u>	<u>\$ 60,952</u>	<u>\$ 612,032</u>	<u>\$ 83,017</u>

**CITY OF CENTRALIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**March 31, 2016**

	Agency
	Library Trust Fund
ASSETS	
Taxes receivable	\$ 14,869
LIABILITIES	
Due to other governments	1,759
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	13,108
NET POSITION	\$ -

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

## CITY OF CENTRALIA

### NOTES TO FINANCIAL STATEMENTS

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies employed in the preparation of the accompanying financial statements, as presented on the basis set forth in Governmental Accounting Standards Board Statement 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 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements 14 and 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 funds:

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.

Parks and Recreation Sales Tax Fund – This debt service fund was established to account for sales taxes legally restricted for debt service on the City’s community recreation center lease.

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 financial services and equipment maintenance.

In prior years, the City previously used an internal service fund to account for immediate and long-term accrued employee benefits, but that fund was dissolved in the current year. The City’s immediate and long-term accrued employee benefits are now accounted for in the governmental and proprietary funds in which the employees primarily work.

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 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 (i.e. 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 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, 2016.

*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 (i.e. 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 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 has two items that qualify for reporting in this category,

which are the pension plan contributions and pension plan – other reported in the government-wide statement of net position and the proprietary funds statement of net position.

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 two items that qualify for reporting in this category, which are the unavailable revenue – property taxes reported in the governmental funds statement of assets, liabilities and fund balances and fiduciary funds statement of net position, and the pension plan – other reported in the government-wide statement of net position and the proprietary funds statement of net position. The City records contract payments and user fees received in advance of the service period as unearned revenue in the deferred inflows of resources 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 Aldermen) by the end of the fiscal year. The Board of Aldermen 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 Aldermen 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, the net pension asset and related amounts, and the estimated post closure liability related to the landfill.

#### *N. Pensions*

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Missouri Local Government Employees Retirement System (LAGERS) and additions to/deductions from LAGERS fiduciary net position have been determined on the same basis as they are reported by LAGERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **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 Aldermen 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 Aldermen 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 Aldermen.
5. All appropriations lapse at yearend.

The reported budgetary data represents the final approved budget after amendments as adopted by the Board of Aldermen. 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, 2016:

	Cash and Cash Equivalents	Certificates of Deposit	Petty Cash	Total
Bank balance				
Insured by the FDIC	\$ 253,814	\$ 250,000	\$ -	\$ 503,814
Collateralized with securities pledged by the financial institution	3,805,493	759,728	-	4,565,221
Collateralized by securities held by the pledging financial institutions' trust depart- ment or agent but not in the depositor government's name	-	-	-	-
Uncollateralized	-	-	-	-
	<u>\$ 4,059,307</u>	<u>\$ 1,009,728</u>	<u>\$ -</u>	<u>\$ 5,069,035</u>
Carrying value	<u>\$ 3,940,408</u>	<u>\$ 1,000,000</u>	<u>\$ 250</u>	<u>\$ 4,940,658</u>

Investments, categorized by level of custodial risk, were as follows as of March 31, 2016:

	Investment Maturities (in years)		Fair Value	Carrying Value
	Less than 1	1-5		
U.S. Treasuries				
Restricted	\$ 239,031	\$ -	\$ 239,031	\$ 239,031
Money market funds				
Restricted	9,781	-	9,781	9,781
<b>Total investments</b>	<b>\$ 248,812</b>	<b>\$ -</b>	<b>\$ 248,812</b>	<b>\$ 248,812</b>

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, 2016, 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	\$ 3,799,862
Restricted	1,140,796
Subtotal	4,940,658
Investments:	
Restricted	248,812
<b>Total cash and investments</b>	<b>\$ 5,189,470</b>

#### 4. RESTRICTED ASSETS

At March 31, 2016, total restricted assets were classified as follows:

Restricted cash and cash equivalents	\$ 1,140,796
Restricted investments	<u>248,812</u>
Total restricted assets	<u>\$ 1,389,608</u>

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

##### *Capital Lease Obligation – 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, 2016, assets restricted for the Lease Revenue Account totaled \$9,781.

##### *Restricted Assets by Purpose:*

At March 31, 2016, assets were restricted for various uses as follows:

	<u>Assets</u>
Special Revenue Funds:	
Cemetery Fund (restricted for perpetual care)	\$ 401,902
Debt Service Funds:	
Parks and Recreation Sales Tax Fund	663,447
Library Bonds Debt Service	22,963
Permanent Fund:	
A.B. Chance Memorial Trust Fund (restricted for perpetual care)	240,902
Enterprise Funds:	
Electric Fund	
Debt service	9,781
Customer security deposits	35,220
Water Fund	
Customer security deposits	<u>15,393</u>
Total restricted assets	<u>\$ 1,389,608</u>

#### 5. PROPERTY TAX

Property tax revenue is recognized independent of receivable recognition. A receivable is recognizable as of the lien date when the City has an enforceable legal claim while revenue is recognized in the period for which the taxes are levied. Receivables recognized prior to that period are recorded as deferred 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 yearend 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, 2016, because the levy and assessed valuation had not been determined as of March 31, 2016.

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 2015 are as follows:

	<u>2015</u>
	<u>Calendar Year</u>
Assessed valuation:	
Real estate	\$ 37,321,599
Personal property	13,450,693
State assessed	<u>767,766</u>
	<u>\$ 51,540,058</u>

	<u>Per \$100 Assessed Valuation</u>	
	Maximum	
	Levy Allowed	
	<u>by Law</u>	<u>City's Levy</u>
General Revenue	\$ 0.6698	\$ 0.6698
Parks and Recreation	0.2999	0.2999
Library General Revenue	0.5500	0.5500
Library Debt Service	0.0785	<u>0.0785</u>
		<u>\$ 1.5982</u>

## 6. INTERFUND TRANSFERS AND RECEIVABLES/PAYABLES

A summary of interfund transfers for the year ended March 31, 2016, follows:

	Transfer Out	Transfer In
	<u>          </u>	<u>          </u>
Governmental funds:		
General	\$ 204,723	\$ 110,000
Special revenue:		
Pool	-	34,808
Park	8,383	13,000
Parks and Rec Center	7,000	-
Cemetery	-	35,000
Debt service:		
Parks and Recreation Sales Tax	34,308	-
Subtotal - governmental funds	<u>254,414</u>	<u>192,808</u>
Enterprise funds:		
Electric	140,590	35,646
Water	35,663	21,430
Sanitation	1,314	-
Subtotal - enterprise funds	<u>177,567</u>	<u>57,076</u>
Internal Service Fund	<u>35,646</u>	<u>217,743</u>
Total	<u>\$ 467,627</u>	<u>\$ 467,627</u>

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

Interfund receivable and payable balances at March 31, 2016 in the fund financial statements resulting from interfund transfers were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Net</u>
Governmental funds:			
General	\$ 22,123	\$ -	\$ 22,123
Special revenue:			
Cemetery Fund	-	14,558	(14,558)
Park Fund	-	215	(215)
Parks and Recreation Sales Tax Fund	28,592	-	28,592
Pool Fund	-	28,592	(28,592)
Subtotal - governmental funds	<u>50,715</u>	<u>43,365</u>	<u>7,350</u>
Enterprise funds:			
Electric	-	57,533	(57,533)
Water	63,619	-	63,619
Sewer	-	4,727	(4,727)
Sanitation	-	8,709	(8,709)
Subtotal - enterprise funds	<u>63,619</u>	<u>70,969</u>	<u>(7,350)</u>
Total	<u>\$ 114,334</u>	<u>\$ 114,334</u>	<u>\$ -</u>

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 2016.

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 during fiscal year 2014 and was not settled during fiscal year 2016.

The balance due to the Parks and Recreation Sales Tax Fund from the Pool Fund (\$28,592) represents the Pool Fund's overdraft from the City's cash pool. This balance originated during fiscal year 2015 and was not settled during fiscal year 2016.

The balance due to the Water Fund from the Electric Fund (\$50,183), the Sewer Fund (\$4,727), and the Sanitation Fund (\$8,709) represents expenses incurred by the Water Fund on behalf of the Electric Fund, the Sewer Fund, and the Sanitation Fund. This balance originated during fiscal year 2014, increased during fiscal year 2016, and was not settled during fiscal year 2016.

## 7. PROPERTY, PLANT AND EQUIPMENT

A summary of changes in capital assets for the year ended March 31, 2016 is as follows:

	Balance March 31, 2015	Additions	Retirements	Transfers/Other	Balance March 31, 2016
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 88,081	\$ -	\$ -	\$ -	\$ 88,081
Right of way	68,270	-	-	-	68,270
Construction in progress	22,805	479,421	-	-	502,226
Total capital assets, not being depreciated	<u>179,156</u>	<u>479,421</u>	<u>-</u>	<u>-</u>	<u>658,577</u>
Capital assets, being depreciated:					
Buildings	3,159,942	-	-	-	3,159,942
Structures other than buildings	32,086	-	-	-	32,086
Equipment	5,617,036	194,735	(107,631)	-	5,704,140
Infrastructure	3,576,301	125,690	-	-	3,701,991
Total capital assets, being depreciated	<u>12,385,365</u>	<u>320,425</u>	<u>(107,631)</u>	<u>-</u>	<u>12,598,159</u>
Less accumulated depreciation:					
Buildings	745,343	87,136	-	-	832,479
Structures other than buildings	226,349	-	-	-	226,349
Equipment	3,271,043	191,801	(99,849)	-	3,362,995
Infrastructure	529,731	88,035	-	-	617,766
Total accumulated depreciation	<u>4,772,466</u>	<u>366,972</u>	<u>(99,849)</u>	<u>-</u>	<u>5,039,589</u>
Total capital assets being depreciated, net	<u>7,612,899</u>	<u>(46,547)</u>	<u>(7,782)</u>	<u>-</u>	<u>7,558,570</u>
Governmental activities capital assets, net	<u>\$ 7,792,055</u>	<u>\$ 432,874</u>	<u>\$ (7,782)</u>	<u>\$ -</u>	<u>\$ 8,217,147</u>

	Balance March 31, 2015	Additions	Retirements	Transfers/Other	Balance March 31, 2016
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 192,374	\$ -	\$ -	\$ -	\$ 192,374
Total capital assets, not being depreciated	<u>192,374</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,374</u>
Capital assets, being depreciated:					
Buildings	308,098	-	-	-	308,098
Structures other than buildings	12,373,426	228,003	-	-	12,601,429
Equipment	2,291,176	76,208	(6,025)	-	2,361,359
Total capital assets, being depreciated	<u>14,972,700</u>	<u>304,211</u>	<u>(6,025)</u>	<u>-</u>	<u>15,270,886</u>
Less accumulated depreciation for:					
Buildings	205,800	14,667	-	-	220,467
Structures other than buildings	7,534,333	292,973	-	-	7,827,306
Equipment	1,617,001	130,413	(6,025)	-	1,741,389
Total accumulated depreciation	<u>9,357,134</u>	<u>438,053</u>	<u>(6,025)</u>	<u>-</u>	<u>9,789,162</u>
Total capital assets being depreciated, net	<u>5,615,566</u>	<u>(133,842)</u>	<u>-</u>	<u>-</u>	<u>5,481,724</u>
Business-type activities capital assets, net	<u>\$ 5,807,940</u>	<u>\$ (133,842)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,674,098</u>

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

Governmental activities:	
General government	\$ 77,332
Streets	125,537
Public safety	43,855
Parks and recreation center	66,892
Parks	52,286
Cemetery	1,070
	<u>\$ 366,972</u>
Business-type activities:	
Water	\$ 126,560
Sewer	144,180
Electric	152,847
Sanitation	14,466
	<u>\$ 438,053</u>

## 8. LONG-TERM ACCRUED EMPLOYEE BENEFITS

The following is a summary of changes in long-term accrued employee benefits:

	Employee Benefits
Beginning	\$ 86,949
Retirements	(76,691)
Additions	85,550
Ending	<u>95,808</u>
Less: amount due within one year	<u>(46,946)</u>
Total long-term accrued employee benefits	<u>\$ 48,862</u>

Accrued employee benefits are generally liquidated by funds in which the employees primarily work.

## 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 covered 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 interests in the rental payments made by the City. The City made the required payments to UMB, who in turn repaid the holders of the certificates.

In November 2015, the City, in conjunction with the Industrial Development Authority of Centralia, refinanced the lease/purchase agreement with Central Bank of Boone County. The City makes the required payments to the Industrial Development Authority of Centralia, who in turn repays Central Bank of Boone County. The proceeds from the refinancing totaled \$2,390,000. Of this amount, \$1,490,000 was used to pay off the Series 2008 Community Recreation Center Lease, and the remaining \$900,000 will be used to finance renovations at the City's municipal pool. The economic gain (the difference between the present values of the debt service payments on the old and new debt) obtained as a result of the refinancing was \$153,098.

Incremental sales taxes are projected to produce the debt service requirements over the life of the lease. The lease bears interest at 3.69%. Principal and interest payments are due annually and semi-annually, respectively, through March 2035. Principal and interest paid for the current year and total parks and recreation sales tax revenues were \$102,778 and \$201,861, respectively.

As of March 31, 2016, improvements of \$2,178,973 have been capitalized as buildings, with \$404,331 of accumulated depreciation. Also as of March 31, 2016, improvements of \$262,804 have been capitalized as construction in progress. 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, 2016, improvements of \$1,591,500 have been capitalized, with \$356,124 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 \$1,280,190. Principal and interest paid for the current year and total operating electric revenues were \$155,497 and \$3,329,275, respectively.

The lease agreement contains a financial covenant, with which the City was in compliance as of March 31, 2016.

*Wheel Loader Lease:* In April 2015, the City entered into a lease/purchase agreement with John Deere for the purchase of a wheel loader. The lease bears interest at 3.0%. Principal and interest payments are due annually through May 2017. Principal and interest paid for the current year was \$95,430. As of March 31, 2016, \$132,295 has been capitalized as equipment, with \$795 of accumulated depreciation. The associated debt is recorded in the governmental activities on the statement of net position.

*Fire Apparatus Lease:* In September 2015, the City entered into a lease/purchase agreement with U.S. Bancorp for the construction and purchase of a fire apparatus. The lease bears interest at 1.957%. Principal and interest payments are due monthly through March 2020. Principal and interest paid for the current year was \$44,000. As of March 31, 2016, \$202,495 has been capitalized as construction in progress. The associated debt is recorded in the governmental activities on the statement of net position.

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, 2016, are as follows:

	Original Amount	Interest Rate	Maturity Date	Principal Balance 3/31/2016
Governmental activities:				
Community recreation center lease	\$ 2,390,000	3.69%	March 2035	\$ 2,355,000
Wheel loader lease	132,215	3.00%	May 2017	39,237
Fire apparatus lease	202,495	1.96%	March 2020	160,304
Total - governmental activities				<u>2,554,541</u>
Business-type activities:				
Electric substation lease	1,637,000	3.22%	July 2024	<u>1,050,000</u>
Total capital leases				<u><u>\$ 3,604,541</u></u>

The following is a summary of capital leases payable transactions for the City for the year ended March 31, 2016:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due in One Year
<b>Governmental activities:</b>					
Community recreation center lease (2008)					
Principal	\$ 1,555,000	\$ -	\$ (1,555,000)	\$ -	\$ -
Less: unamortized lease discount	(18,076)	-	18,076	-	-
Community recreation center lease (2015)	-	2,390,000	(35,000)	2,355,000	90,000
Wheel loader lease	-	132,315	(93,078)	39,237	39,237
Fire apparatus lease	-	202,495	(42,191)	160,304	38,909
<b>Total - governmental activities</b>	<b>1,536,924</b>	<b>2,724,810</b>	<b>(1,707,193)</b>	<b>2,554,541</b>	<b>168,146</b>
<b>Business-type activities:</b>					
Electric substation lease	1,148,000	-	(98,000)	1,050,000	108,000
<b>Total</b>	<b>\$ 2,684,924</b>	<b>\$ 2,724,810</b>	<b>\$ (1,805,193)</b>	<b>\$ 3,604,541</b>	<b>\$ 276,146</b>

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, 2016.

Year Ending March 31:	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 168,146	\$ 89,688	\$ 257,834	\$ 108,000	\$ 48,725	\$ 156,725
2018	129,677	85,599	215,276	108,000	43,582	151,582
2019	135,460	81,495	216,955	118,000	38,131	156,131
2020	141,258	77,191	218,449	120,000	32,393	152,393
2021	100,000	73,062	173,062	128,000	26,414	154,414
2022-2026	565,000	306,455	871,455	468,000	40,945	508,945
2027-2031	675,000	194,678	869,678	-	-	-
2032-2035	640,000	60,332	700,332	-	-	-
<b>Total</b>	<b>\$2,554,541</b>	<b>\$ 968,500</b>	<b>\$3,523,041</b>	<b>\$ 1,050,000</b>	<b>\$ 230,190</b>	<b>\$ 1,280,190</b>

## 10. BONDS PAYABLE

The following is a summary of bonds payable transactions for the City for the year ended March 31, 2016:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due in One Year
Library Bonds, Series 1997	\$ 70,000	\$ -	\$ (35,000)	\$ 35,000	\$ 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
2017	\$ 35,000	\$ 1,960	\$ 36,960

## 11. COMMITMENTS AND CONTINGENCIES

### A. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has obtained coverage from commercial insurance companies for these risks of losses. There were no significant reductions in insurance coverage from the prior year. In addition, no settlements have exceeded insurance coverage in the past three years.

### B. 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, 2016, the City had recorded \$84,354 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, 2016. 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.

### C. 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.

### D. 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 (Ameren) under a series of all-requirements agreements. The current agreement runs from January 1, 2015 through May 31, 2017. The agreement provides the City with the power required to meet the capacity and energy needs up to a maximum hourly demand of ten megawatts. Power charges are \$41.69 per megawatt hour to the delivery point specific in

the agreement. The City is also responsible for all costs of transmission, distribution, scheduling, reactive power, and ancillary services from the delivery point.

#### *E. Other Commitments*

The City has entered into contracts with two companies for the construction and/or renovation of the City's community recreation center. The contracts require payments of up to \$748,000 be made to the companies. During the year ended March 31, 2016, the City made payments totaling \$267,040 to these companies, so as of March 31, 2016, the City's remaining commitment on the contracts was \$480,960.

## **12. INTERGOVERNMENTAL REVENUE**

The City receives financial assistance from numerous federal, state, and local governmental agencies in the form of grants. Federal and state grants and assistance awards made on the basis of entitlement periods are recorded as intergovernmental receivables and revenues when entitlement occurs. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements or the individual fund-types included herein or on the overall financial position of the City as of March 31, 2016.

## **13. PENSION PLAN**

### *General Information about the Pension Plan*

The following information is presented in accordance with Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

#### Plan Description

The City's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The City participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS' 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 is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at [www.molagers.org](http://www.molagers.org).

#### Benefits Provided

LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided

below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

	<u>2015 Valuation</u>
Benefit multiplier	1.5%
Final average salary	5 years
Member contributions	0%

Benefit terms provide for annual post retirement adjustments to each member’s retirement allowance subsequent to the member’s retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees Covered by Benefit Terms

At June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	16
Active employees	<u>32</u>
Total	<u><u>67</u></u>

Contributions

The City is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the City do not contribute to the pension plan. Employer contribution rates are 6.6% (General) and 0.2% (Police) of annual covered payroll.

*Net Pension Liability (Asset)*

The employer’s net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2015.

Actuarial Assumptions

The total pension liability in the February 28, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5%
Salary increase	3.5% to 6.8%, including inflation
Investment rate of return	7.25%, including inflation

Mortality rates were based on the 1994 Group Annuity Mortality Table set back 3 years for both males and females.

The actuarial assumptions used in the February 28, 2015, valuation were based on the results of an actuarial experience study for the period March 1, 2005 through February 28, 2010.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	48.50%	5.50%
Fixed income	25.00%	2.25%
Real assets	20.00%	4.50%
Strategic assets	6.50%	7.50%

#### Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

#### *Changes in the Net Pension Liability (Asset)*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/ (Asset) (a) - (b)
Balances at June 30, 2014	\$ 3,260,132	\$ 4,367,657	\$ (1,107,525)
Changes for the year:			
Service cost	101,377	-	101,377
Interest	234,857	-	234,857
Difference between expected and actual experience	(171,090)	-	(171,090)
Contributions - employer	-	73,038	(73,038)
Contributions - employee	-	-	-
Net investment income	-	84,676	(84,676)
Benefit payments, including refunds	(143,574)	(143,574)	-
Administrative expense	-	(5,406)	5,406
Other changes	-	(87,317)	87,317
Net changes	21,570	(78,583)	100,153
Balances at June 30, 2015	\$ 3,281,702	\$ 4,289,074	\$ (1,007,372)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 7.25%, as well as what the employer's net pension liability (asset) would be using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate.

	Current Single Discount		
	1% Decrease (6.25%)	Rate Assumption (7.25%)	1% Increase (8.25%)
Total pension liability	\$ 3,724,291	\$ 3,281,702	\$ 2,911,526
Plan fiduciary net position	\$ 4,289,074	\$ 4,289,074	\$ 4,289,074
Net pension liability/(asset)	\$ (564,783)	\$ (1,007,372)	\$ (1,377,548)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's net position is available in the separately issued LAGERS financial report.

***Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

For the year ended June 30, 2015, the employer recognized pension expense of \$128,448. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ (136,188)
Differences in assumptions	-	-
Excess (deficit) investment returns	180,932	-
Contributions subsequent to the measurement date*	50,667	-
Total	\$ 231,599	\$ (136,188)

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability (asset) for the year ending June 30, 2016.

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

Year ending:	
2016	\$ 61,000
2017	10,332
2018	10,332
2019	13,747
Total	\$ 95,411

#### 14. FUND DISCLOSURES

The Pool Fund has an accumulated deficit at March 31, 2016. This is due to interfund transfers to the Pool Fund not being made until after yearend and as such, the deficit will be eliminated upon receipt of the transfers.

#### 15. CHANGE IN ACCOUNTING PRINCIPLE

During the year ended March 31, 2016, the City implemented GASB Statement 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These statements established standards for measuring and recognizing liabilities, deferred outflows and inflows of resources, and expenses/expenditures.

As a result of the implementation, net position as of March 31, 2015, was restated as follows:

	Governmental Activities	Business-type Activities	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund
Net position, as previously reported	\$ 8,705,803	\$ 6,883,540	\$ 2,625,200	\$ 1,764,466	\$ 2,341,925	\$ 151,949
Prior period adjustment						
Net pension asset (measurement date of June 30, 2014)	800,200	307,324	131,950	75,845	27,400	72,129
Deferred outflows (contributions between the measurement date of June 30, 2014 and the City's fiscal year end of March 31, 2015)	41,739	16,010	6,883	3,936	1,429	3,762
Net position, as restated	<u>\$ 9,547,742</u>	<u>\$ 7,206,874</u>	<u>\$ 2,764,033</u>	<u>\$ 1,844,247</u>	<u>\$ 2,370,754</u>	<u>\$ 227,840</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CENTRALIA**  
**BUDGETARY COMPARISON SCHEDULE -**  
**GENERAL FUND**  
**Year Ended March 31, 2016**

	Actual	Original & Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES</b>			
Taxes	\$ 1,272,168	\$ 1,273,492	\$ (1,324)
Licenses and permits	37,793	32,800	4,993
Charges for services	1,734	600	1,134
Intergovernmental revenues	239,071	249,600	(10,529)
Fines and forfeitures	18,876	21,150	(2,274)
Miscellaneous	51,078	115,050	(63,972)
Total revenues	<u>1,620,720</u>	<u>1,692,692</u>	<u>(71,972)</u>
<b>EXPENDITURES</b>			
General government	404,703	384,053	(20,650)
Public safety	966,453	1,074,817	108,364
Public works	221,200	373,516	152,316
Community planning and economic development	10,215	36,238	26,023
Capital outlay	174,474	500,377	325,903
Debt service	4,161	-	(4,161)
Total expenditures	<u>1,781,206</u>	<u>2,369,001</u>	<u>587,795</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(160,486)</u>	<u>(676,309)</u>	<u>515,823</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	110,000	-	110,000
Operating transfers (out)	(204,723)	-	(204,723)
Total other financing sources	<u>(94,723)</u>	<u>-</u>	<u>(94,723)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$ (255,209)</u>	<u>\$ (676,309)</u>	<u>\$ 421,100</u>

**CITY OF CENTRALIA**  
**LAGERS (PENSION PLAN)**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY**  
**AND RELATED RATIOS**  
**March 31, 2016**

Total pension liability	
Service cost	\$ 101,377
Interest on the total pension liability	234,857
Benefit changes	-
Difference between expected and actual experience	(171,090)
Assumption changes	-
Benefit payments	(143,574)
Refunds	-
	<hr/>
Net change in total pension liability	21,570
Total pension liability, beginning	<hr/> 3,260,132
Total pension liability, ending	<hr/> <u>\$ 3,281,702</u>
Plan fiduciary net position	
Contributions - employer	\$ 73,038
Contributions - employee	-
Pension plan net investment income	84,676
Benefit payments	(143,574)
Refunds	-
Pension plan administrative expense	(5,406)
Other	(87,317)
	<hr/>
Net change in plan fiduciary net position	(78,583)
Plan fiduciary net position, beginning	<hr/> 4,367,657
Plan fiduciary net position, ending	<hr/> <u>\$ 4,289,074</u>
Employer's net pension liability/(asset)	<hr/> <u>\$ (1,007,372)</u>
Plan fiduciary net position as a percentage of the total pension liability	130.70%
Covered employee payroll	\$ 1,149,885
Employer's net pension liability/(asset) as a percentage of covered employee payroll	-87.61%

*Note: This schedule will ultimately contain ten years of data.*

CITY OF CENTRALIA

LAGERS (PENSION PLAN)  
 SCHEDULE OF CONTRIBUTIONS – LAST TEN FISCAL YEARS  
 March 31, 2016

	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 60,481	\$ 61,691	\$ 72,498	\$ 79,258	\$ 82,047
Contributions in relation to the actuarially determined contribution	65,936	75,285	65,956	60,417	51,816
Contribution deficiency (excess)	\$ (5,455)	\$ (13,594)	\$ 6,542	\$ 18,841	\$ 30,231
Covered employee payroll	\$ 1,149,885	\$ 1,108,886	\$ 1,083,650	\$ 1,090,774	\$ 1,045,877
Contributions as a percentage of covered employee payroll	5.73%	6.79%	6.09%	5.54%	4.95%
	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 79,092	\$ 88,004	\$ 34,730	\$ 40,876	\$ 36,249
Contributions in relation to the actuarially determined contribution	44,324	34,889	42,165	38,487	37,047
Contribution deficiency (excess)	\$ 34,768	\$ 53,115	\$ (7,435)	\$ 2,389	\$ (798)
Covered employee payroll	\$ 1,023,191	\$ 1,077,910	\$ 1,068,374	\$ 1,066,081	\$ 1,030,779
Contributions as a percentage of covered employee payroll	4.33%	3.24%	3.95%	3.61%	3.59%

## SUPPLEMENTARY INFORMATION

**CITY OF CENTRALIA**  
**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**NON-MAJOR FUNDS**  
**March 31, 2016**

	Special Revenue					Debt Service	Permanent	Capital Projects		Total	
	Pool Fund	Park Fund	Parks and Rec Center Fund	Cemetery Fund	Transportation Sales Tax Fund	Avenue of Flags Fund	Library Bonds Fund	A. B. Chance Memorial Fund	Fire Equipment Fund		Highways & Streets Fund
<b>ASSETS</b>											
Cash and cash equivalents	\$ 2,113	\$ 151,019	\$ 205,111	\$ 64,916	\$ 311,687	\$ 5,524	\$ -	\$ -	\$ 8,505	\$ 3,862	\$ 752,737
Accounts receivable	-	-	-	1,035	-	-	-	-	-	-	1,035
Taxes receivable	-	9,903	-	-	28,897	-	2,189	-	-	-	40,989
Other assets	-	4,212	1,343	-	-	-	-	-	-	-	5,555
Restricted assets											
Cash and cash equivalents	-	-	-	401,902	-	-	22,963	1,871	-	-	426,736
Investments	-	-	-	-	-	-	-	239,031	-	-	239,031
<b>Total assets</b>	<b>\$ 2,113</b>	<b>\$ 165,134</b>	<b>\$ 206,454</b>	<b>\$ 467,853</b>	<b>\$ 340,584</b>	<b>\$ 5,524</b>	<b>\$ 25,152</b>	<b>\$ 240,902</b>	<b>\$ 8,505</b>	<b>\$ 3,862</b>	<b>\$ 1,466,083</b>
<b>LIABILITIES</b>											
Accounts payable	\$ 1,848	\$ -	\$ -	\$ 332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,180
Due to other funds	28,592	215	-	14,558	-	-	-	-	-	-	43,365
Unearned revenue	-	-	56,889	-	-	-	-	-	-	-	56,889
<b>Total liabilities</b>	<b>30,440</b>	<b>215</b>	<b>56,889</b>	<b>14,890</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,434</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>											
Unavailable revenue - property taxes	-	8,131	-	-	-	-	1,724	-	-	-	9,855
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>8,131</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,724</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,855</b>
<b>FUND BALANCES (DEFICIT)</b>											
Nonspendable											
Perpetual care	-	-	-	-	-	-	-	240,902	-	-	240,902
Restricted for:											
Debt service	-	-	-	-	-	-	23,428	-	-	-	23,428
Culture and recreation	-	156,788	-	-	-	5,524	-	-	-	-	162,312
Perpetual care	-	-	-	452,963	-	-	-	-	-	-	452,963
Capital projects	-	-	-	-	340,584	-	-	-	-	-	340,584
Committed for:											
Culture and recreation	-	-	149,565	-	-	-	-	-	-	-	149,565
Capital projects	-	-	-	-	-	-	-	-	8,505	3,862	12,367
Unassigned	(28,327)	-	-	-	-	-	-	-	-	-	(28,327)
<b>Total fund balances (deficit)</b>	<b>(28,327)</b>	<b>156,788</b>	<b>149,565</b>	<b>452,963</b>	<b>340,584</b>	<b>5,524</b>	<b>23,428</b>	<b>240,902</b>	<b>8,505</b>	<b>3,862</b>	<b>1,353,794</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficit)</b>	<b>\$ 2,113</b>	<b>\$ 165,134</b>	<b>\$ 206,454</b>	<b>\$ 467,853</b>	<b>\$ 340,584</b>	<b>\$ 5,524</b>	<b>\$ 25,152</b>	<b>\$ 240,902</b>	<b>\$ 8,505</b>	<b>\$ 3,862</b>	<b>\$ 1,466,083</b>

**CITY OF CENTRALIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR FUNDS**  
**Year Ended March 31, 2016**

	Special Revenue						Debt Service	Permanent	Capital Projects		Total
	Pool Fund	Park Fund	Parks and Rec Center Fund	Cemetery Fund	Transportation Sales Tax Fund	Avenue of Flags Fund	Library Bonds Fund	A.B. Chance Memorial Fund	Fire Equipment Fund	Highways & Streets Fund	
<b>REVENUES</b>											
Taxes	\$ -	\$ 198,529	\$ -	\$ -	\$ 201,862	\$ -	\$ 37,371	\$ -	\$ 2,034	\$ -	\$ 439,796
Charges for services	69,798	9,965	276,208	13,300	-	-	-	-	-	-	369,271
Intergovernmental revenues	-	-	-	-	81,817	-	-	-	-	-	81,817
Miscellaneous											
Interest	-	193	776	810	-	20	4	405	26	-	2,234
Contributions	-	25	-	32,245	-	1,816	-	-	-	-	34,086
Other	-	1,202	81	7,500	-	1,325	-	-	-	-	10,108
<b>Total revenues</b>	<b>69,798</b>	<b>209,914</b>	<b>277,065</b>	<b>53,855</b>	<b>283,679</b>	<b>3,161</b>	<b>37,375</b>	<b>405</b>	<b>2,060</b>	<b>-</b>	<b>937,312</b>
<b>EXPENDITURES</b>											
Culture and recreation	88,381	180,930	246,573	-	-	4,372	-	-	-	-	520,256
Cemetery	-	-	-	37,307	-	-	-	4,594	-	-	41,901
Capital outlay	-	26,407	-	-	162,871	-	-	-	-	-	189,278
Debt service	-	-	-	-	-	-	41,146	-	-	-	41,146
<b>Total expenditures</b>	<b>88,381</b>	<b>207,337</b>	<b>246,573</b>	<b>37,307</b>	<b>162,871</b>	<b>4,372</b>	<b>41,146</b>	<b>4,594</b>	<b>-</b>	<b>-</b>	<b>792,581</b>
Excess (deficiency) of revenues over (under) expenditures	(18,583)	2,577	30,492	16,548	120,808	(1,211)	(3,771)	(4,189)	2,060	-	144,731
<b>OTHER FINANCING SOURCES (USES)</b>											
Operating transfers in	34,808	13,000	-	35,000	-	-	-	-	-	-	82,808
Operating transfers (out)	-	(8,383)	(7,000)	-	-	-	-	-	-	-	(15,383)
<b>Total other financing sources (uses)</b>	<b>34,808</b>	<b>4,617</b>	<b>(7,000)</b>	<b>35,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,425</b>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	16,225	7,194	23,492	51,548	120,808	(1,211)	(3,771)	(4,189)	2,060	-	212,156
Fund balances, April 1	(44,552)	149,594	126,073	401,415	219,776	6,735	27,199	245,091	6,445	3,862	1,141,638
<b>FUND BALANCES (DEFICIT), MARCH 31</b>	<b>\$ (28,327)</b>	<b>\$ 156,788</b>	<b>\$ 149,565</b>	<b>\$ 452,963</b>	<b>\$ 340,584</b>	<b>\$ 5,524</b>	<b>\$ 23,428</b>	<b>\$ 240,902</b>	<b>\$ 8,505</b>	<b>\$ 3,862</b>	<b>\$ 1,353,794</b>