

REPORT OF
CITY OF CENTRALIA
MARCH 31, 2018

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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, 2018, 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, 2018, 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.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that U.S. generally accepted accounting principles require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

U.S. generally accepted accounting principles require that the 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.

Williams Keepers LLC

November 13, 2018

CITY OF CENTRALIA
STATEMENT OF NET POSITION
March 31, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,918,509	\$ 2,425,039	\$ 4,343,548
Accounts and grants receivable, net of allowance for doubtful accounts of \$4,283	4,292	444,582	448,874
Inventories	-	378,925	378,925
Taxes receivable, net of allowance for doubtful accounts of \$2,761	207,459	-	207,459
Internal balances	7,350	(7,350)	-
Other assets	13,772	-	13,772
Restricted assets:			
Cash and cash equivalents	416,600	51,546	468,146
Investments	230,302	9,781	240,083
Capital assets:			
Non-depreciable	156,351	192,373	348,724
Depreciable, net	9,049,775	4,951,068	14,000,843
Net pension plan asset	742,434	218,171	960,605
Total assets	12,746,844	8,664,135	21,410,979
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan - contributions	35,474	10,426	45,900
Pension plan - other	182,824	53,763	236,587
Total deferred outflows of resources	218,298	64,189	282,487
LIABILITIES			
Accounts payable	69,966	188,378	258,344
Sales tax payable	-	48,219	48,219
Customer security deposits	-	51,546	51,546
Accrued interest payable	3,517	833	4,350
Unearned revenue	52,426	-	52,426
Long-term liabilities:			
Due within one year			
Accrued employee benefits	31,625	15,195	46,820
Leases payable	95,000	118,000	213,000
Due in more than one year			
Accrued employee benefits	32,915	15,815	48,731
Accrued landfill closure costs	-	81,632	81,632
Leases payable	2,080,000	716,000	2,796,000
Total liabilities	2,365,449	1,235,618	3,601,067
DEFERRED INFLOWS OF RESOURCES			
Pension plan - other	86,991	25,572	112,563
Total deferred inflows of resources	86,991	25,572	112,563
NET POSITION			
Net investment in capital assets	7,031,173	4,319,222	11,350,395
Restricted for:			
Expendable:			
Debt service	203,150	-	203,150
Culture and recreation	216,742	-	216,742
Perpetual care	492,299	-	492,299
Capital projects	430,520	-	430,520
Pension plan	742,434	218,171	960,605
Nonexpendable:			
Perpetual care	233,184	-	233,184
Unrestricted	1,163,200	2,929,741	4,092,941
Total net position	\$ 10,512,702	\$ 7,467,134	\$ 17,979,836

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

CITY OF CENTRALIA
STATEMENT OF ACTIVITIES
Year Ended March 31, 2018

Program/function	Program revenues				Net revenue (expense) and changes in net position		
	Expenses	Charges for services	Capital grants and contributions	Operating grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities:							
General government	\$ 508,206	\$ 191,157	\$ -	\$ -	\$ (317,049)	\$ -	\$ (317,049)
Public safety	1,153,378	12,568	-	159,866	(980,944)	-	(980,944)
Public works	602,156	227,018	78,701	-	(296,437)	-	(296,437)
Community planning and economic development	42,102	-	-	-	(42,102)	-	(42,102)
Culture and recreation	750,296	385,124	1,025	-	(364,147)	-	(364,147)
Cemetery	43,984	22,525	-	9,456	(12,003)	-	(12,003)
Interest expense	84,603	-	-	-	(84,603)	-	(84,603)
Total governmental activities	3,184,725	838,392	79,726	169,322	(2,097,285)	-	(2,097,285)
Business-type activities:							
Electric	3,068,142	3,649,078	-	2,861	-	583,797	583,797
Water	652,008	570,288	-	-	-	(81,720)	(81,720)
Wastewater	342,011	258,924	-	-	-	(83,087)	(83,087)
Sanitation	516,513	440,146	-	-	-	(76,367)	(76,367)
Total business-type activities	4,578,674	4,918,436	-	2,861	-	342,623	342,623
Total	\$ 7,763,399	\$ 5,756,828	\$ 79,726	\$ 172,183	\$ (2,097,285)	\$ 342,623	\$ (1,754,662)
General revenue:							
Taxes							
Property taxes					558,086	-	558,086
Sales taxes					889,892	-	889,892
Gross receipts					495,131	-	495,131
Surcharge					130,066	-	130,066
Gas and motor fuel tax					109,141	-	109,141
Miscellaneous					144,178	16,949	161,127
County payments					64,408	-	64,408
Contributed capital					350,337	-	350,337
Interest income					27,863	23,910	51,773
Net transfers in (out) from other funds					139,575	(139,575)	-
Total general revenues					2,908,677	(98,716)	2,809,961
Changes in net position					811,392	243,907	1,055,299
Net position, April 1					9,701,310	7,223,227	16,924,537
Net position, March 31					\$ 10,512,702	\$ 7,467,134	\$ 17,979,836

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, 2018

	General Fund	Non-Major Funds	Totals
ASSETS			
Cash and cash equivalents	\$ 394,686	\$ 1,079,778	\$ 1,474,464
Accounts receivable	2,146	2,146	4,292
Taxes receivable, net of allowance for doubtful accounts of \$2,761	131,428	76,031	207,459
Due from other funds	22,123	32,452	54,575
Other assets	-	13,772	13,772
Restricted assets			
Cash and cash equivalents	-	416,600	416,600
Investments	-	230,302	230,302
Total assets	<u>\$ 550,383</u>	<u>\$ 1,851,081</u>	<u>\$ 2,401,464</u>
LIABILITIES			
Accounts payable	\$ 43,034	\$ 12,760	\$ 55,794
Due to other funds	-	47,225	47,225
Unearned revenue	-	52,426	52,426
Total liabilities	<u>43,034</u>	<u>112,411</u>	<u>155,445</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	<u>18,585</u>	<u>8,022</u>	<u>26,607</u>
Total deferred inflows of resources	<u>18,585</u>	<u>8,022</u>	<u>26,607</u>
FUND BALANCES			
Nonspendable			
Perpetual care	-	233,184	233,184
Restricted for:			
Debt service	-	203,150	203,150
Culture and recreation	-	216,742	216,742
Perpetual care	-	492,299	492,299
Capital projects	-	430,520	430,520
Committed for:			
Culture and recreation	-	95,181	95,181
Capital projects	134,528	85,163	219,691
Unassigned	<u>354,236</u>	<u>(25,591)</u>	<u>328,645</u>
Total fund balances	<u>488,764</u>	<u>1,730,648</u>	<u>2,219,412</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 550,383</u>	<u>\$ 1,851,081</u>	<u>\$ 2,401,464</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, 2018

Fund balances - total governmental funds		\$ 2,219,412
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	15,144,484	
Less accumulated depreciation	<u>(5,938,358)</u>	
		9,206,126
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		742,434
Pension plan - contributions		35,474
Pension plan - other		182,824
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		429,873
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	(3,517)	
Accrued employee benefits	(64,540)	
Leases payable	(2,175,000)	
Pension plan - other	<u>(86,991)</u>	
		(2,330,048)
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>26,607</u>
Net position of governmental activities		<u><u>\$ 10,512,702</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, 2018

	General Fund	Non-Major Funds	Totals
REVENUES			
Taxes	\$ 1,379,235	\$ 644,815	\$ 2,024,050
Licenses and permits	48,933	-	48,933
Charges for services	1,466	398,349	399,815
Intergovernmental revenues	227,614	78,701	306,315
Fines and forfeitures	12,568	-	12,568
Miscellaneous			
Interest	14,618	13,245	27,863
Contributions	-	170,347	170,347
Other	39,641	133,446	173,087
Total revenues	<u>1,724,075</u>	<u>1,438,903</u>	<u>3,162,978</u>
EXPENDITURES			
General government	440,475	-	440,475
Public safety	1,081,176	-	1,081,176
Public works	246,457	-	246,457
Community planning and economic development	42,102	-	42,102
Culture and recreation	-	599,840	599,840
Cemetery	-	42,914	42,914
Capital outlay	40,616	439,236	479,852
Debt service	-	174,749	174,749
Total expenditures	<u>1,850,826</u>	<u>1,256,739</u>	<u>3,107,565</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(126,751)</u>	<u>182,164</u>	<u>55,413</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	103,214	103,324	206,538
Operating transfers (out)	<u>(3,349)</u>	<u>(63,614)</u>	<u>(66,963)</u>
Total other financing sources	<u>99,865</u>	<u>39,710</u>	<u>139,575</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(26,886)	221,874	194,988
Fund balances, April 1	<u>515,650</u>	<u>1,508,774</u>	<u>2,024,424</u>
FUND BALANCES, MARCH 31	<u>\$ 488,764</u>	<u>\$ 1,730,648</u>	<u>\$ 2,219,412</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
AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
Year Ended March 31, 2018

Net change in fund balances - total governmental funds \$ 194,988

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	358,457	
Capital contributions	350,337	
Depreciation	(439,321)	
		269,473

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes		4,651
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The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net effect of these differences in the treatment of long-term debt and related items:

Principal payments	211,395	
Change in interest payable	146	
		211,541

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:

Pension plan		152,485
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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.

	(21,746)	
Change in net position of governmental activities		\$ 811,392

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

CITY OF CENTRALIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
March 31, 2018

	Major Enterprise Funds				Total Enterprise Funds	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 1,293,276	\$ 428,546	\$ 348,423	\$ 354,794	\$ 2,425,039	\$ 444,045
Accounts receivable, net of allowance for doubtful accounts of \$4,283	362,637	51,711	24,466	5,768	444,582	-
Inventories	305,052	73,873	-	-	378,925	-
Due from other funds	-	63,619	-	-	63,619	-
Total current assets	1,960,965	617,749	372,889	360,562	3,312,165	444,045
Restricted assets:						
Customer security deposits, cash	35,910	15,636	-	-	51,546	-
Restricted investments	9,781	-	-	-	9,781	-
Capital assets:						
Non-depreciable	18,822	24,346	149,205	-	192,373	-
Depreciable, net	2,255,603	982,995	1,707,802	4,668	4,951,068	-
Net pension plan asset	122,461	70,419	25,291	-	218,171	-
Total assets	4,403,542	1,711,145	2,255,187	365,230	8,735,104	444,045
DEFERRED OUTFLOWS OF RESOURCES						
Pension plan - contributions	5,849	3,363	1,214	-	10,426	-
Pension plan - other	30,124	17,298	6,341	-	53,763	-
Total deferred outflows of resources	35,973	20,661	7,555	-	64,189	-
LIABILITIES						
Current liabilities:						
Accounts payable	137,757	4,722	42,587	3,312	188,378	14,172
Sales tax payable	48,219	-	-	-	48,219	-
Accrued employee benefits	6,421	8,773	-	-	15,195	-
Accrued interest payable	833	-	-	-	833	-
Lease payable	118,000	-	-	-	118,000	-
Due to other funds	57,533	-	4,727	8,709	70,969	-
Total current liabilities	368,763	13,495	47,314	12,021	441,594	14,172
Payable from restricted assets:						
Customer security deposits	35,910	15,636	-	-	51,546	-
Long-term liabilities:						
Accrued employee benefits	6,684	9,132	-	-	15,815	-
Lease payable	716,000	-	-	-	716,000	-
Estimated landfill post closure costs	-	-	-	81,632	81,632	-
Total liabilities	1,127,357	38,263	47,314	93,653	1,306,587	14,172
DEFERRED INFLOWS OF RESOURCES						
Pension plan - other	14,340	8,239	2,993	-	25,572	-
Total deferred inflows of resources	14,340	8,239	2,993	-	25,572	-
NET POSITION						
Net investment in capital assets	1,450,206	1,007,341	1,857,007	4,668	4,319,222	-
Restricted for pension plan	122,461	70,419	25,291	-	218,171	-
Unrestricted	1,725,151	607,544	330,137	266,909	2,929,741	429,873
Total net position	\$ 3,297,818	\$ 1,685,304	\$ 2,212,435	\$ 271,577	\$ 7,467,134	\$ 429,873

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, 2018

	Major Funds				Total Enterprise Funds	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund		
OPERATING REVENUES						
Charges for services	\$ 3,649,078	\$ 570,288	\$ 258,924	\$ 440,146	\$ 4,918,436	\$ 367,776
Contributions	2,861	-	-	-	2,861	-
Miscellaneous	-	-	-	16,949	16,949	-
Total operating revenues	3,651,939	570,288	258,924	457,095	4,938,246	367,776
OPERATING EXPENSES						
Planning and administration	53,594	108,311	38,747	127,610	328,262	137,857
Communication	44,307	21,803	20,970	-	87,080	-
Well operation, maintenance and repair	-	61,614	-	-	61,614	-
Distribution	2,669,539	183,479	-	-	2,853,018	-
Buildings and grounds	37,581	17,804	-	-	55,385	-
Treatment	-	134,152	-	-	134,152	-
Sewerage collections	-	-	22,849	-	22,849	-
Lift operations	-	-	28,759	-	28,759	-
Sewerage treatment collections	-	-	77,980	-	77,980	-
Land application	-	-	10,724	-	10,724	-
Depreciation	157,275	124,845	141,561	502	424,183	-
Brush and tree control	39,279	-	-	-	39,279	-
Street lighting	7,844	-	-	-	7,844	-
Equipment operations	-	-	-	-	-	238,965
Trash collection	-	-	-	189,994	189,994	-
Trash disposal	-	-	-	198,407	198,407	-
Miscellaneous	15,249	-	421	-	15,670	7,242
Total operating expenses	3,024,668	652,008	342,011	516,513	4,535,200	384,064
OPERATING INCOME (LOSS)	627,271	(81,720)	(83,087)	(59,418)	403,046	(16,288)
NON-OPERATING REVENUES (EXPENSES)						
Interest expense	(43,474)	-	-	-	(43,474)	-
Interest income	8,150	6,269	4,579	4,912	23,910	-
Total non-operating revenues (expenses)	(35,324)	6,269	4,579	4,912	(19,564)	-
NET INCOME (LOSS)	591,947	(75,451)	(78,508)	(54,506)	383,482	(16,288)
Operating transfers in	36,800	21,430	-	-	58,230	-
Operating transfers (out)	(156,430)	(41,375)	-	-	(197,805)	-
Change in net position	472,317	(95,396)	(78,508)	(54,506)	243,907	(16,288)
Net position, April 1	2,825,501	1,780,700	2,290,943	326,083	7,223,227	446,161
NET POSITION, MARCH 31	\$ 3,297,818	\$ 1,685,304	\$ 2,212,435	\$ 271,577	\$ 7,467,134	\$ 429,873

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, 2018

	Major Funds				Total Enterprise Funds	Internal Service Funds
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund		
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash received from customers	\$ 3,588,258	\$ 598,515	\$ 264,443	\$ 458,231	\$ 4,909,447	\$ 367,776
Cash paid to vendors	(2,810,893)	(382,518)	(126,404)	(413,224)	(3,733,039)	(279,108)
Cash paid to employees	(155,693)	(145,775)	(42,412)	(37,832)	(381,712)	(101,807)
Net cash provided (used) by operating activities	621,672	70,222	95,627	7,175	794,696	(13,139)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating transfers (out)	(119,630)	(19,945)	-	-	(139,575)	-
Net cash (used) by noncapital financing activities	(119,630)	(19,945)	-	-	(139,575)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Payment for capital acquisitions	(71,108)	(60,025)	(54,300)	(5,171)	(190,604)	-
Principal paid on debt	(108,000)	-	-	-	(108,000)	-
Interest paid on debt	(43,582)	-	-	-	(43,582)	-
Net cash (used) by capital and related financing activities	(222,690)	(60,025)	(54,300)	(5,171)	(342,186)	-
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest income	8,150	6,269	4,579	4,912	23,910	-
Net cash provided by investing activities	8,150	6,269	4,579	4,912	23,910	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	287,502	(3,479)	45,906	6,916	336,845	(13,139)
Cash and cash equivalents, beginning of year	1,005,774	432,025	302,517	347,878	2,088,194	457,184
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,293,276</u>	<u>\$ 428,546</u>	<u>\$ 348,423</u>	<u>\$ 354,794</u>	<u>\$ 2,425,039</u>	<u>\$ 444,045</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ 627,271	\$ (81,720)	\$ (83,087)	\$ (59,418)	\$ 403,046	\$ (16,288)
Adjustments:						
Depreciation and amortization	157,275	124,845	141,561	502	424,183	-
(Increase) decrease in assets and deferred outflows:						
Accounts receivable	(63,681)	28,227	5,519	1,136	(28,799)	-
Inventories	(6,641)	16,416	-	-	9,775	-
Customer deposits	2,207	1,144	-	-	3,351	-
Net pension plan asset	(51,327)	(29,532)	(10,520)	38,884	(52,495)	-
Pension plan - contributions	(614)	(353)	(126)	2,862	1,769	-
Pension plan - other	31,842	18,321	6,526	33,873	90,562	-
Increase (decrease) in liabilities and deferred inflows:						
Accounts payable	(82,708)	-	36,819	19	(45,870)	3,149
Sales tax payable	14,011	-	-	-	14,011	-
Customer deposits	(2,207)	(1,144)	-	-	(3,351)	-
Estimated landfill post closure costs	-	-	-	-	-	-
Accrued employee benefits	1,445	(2,989)	-	-	(1,544)	-
Pension plan - other	(5,201)	(2,993)	(1,065)	(10,683)	(19,942)	-
Net cash provided by operating activities	<u>\$ 621,672</u>	<u>\$ 70,222</u>	<u>\$ 95,627</u>	<u>\$ 7,175</u>	<u>\$ 794,696</u>	<u>\$ (13,139)</u>

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

CITY OF CENTRALIA
STATEMENT OF FIDUCIARY NET POSITION
March 31, 2018

	<u>Agency</u>
	Library Trust
	Fund
	<u> </u>
ASSETS	
Taxes receivable	<u>\$ 18,376</u>
LIABILITIES	
Due to other governments	<u> 5,601</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	<u> 12,775</u>
NET POSITION	<u><u>\$ -</u></u>

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 fund:

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

The City reports the following major proprietary funds:

Enterprise Funds:

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

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

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

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

Internal Service Fund:

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

Additionally, the City reports the following fiduciary fund:

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

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

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and the fiduciary 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, 2018.

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, INVESTMENTS, AND FAIR VALUE MEASUREMENTS

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, 2018:

	Cash and Cash Equivalents	Certificates of Deposit	Petty Cash	Total
Bank balance				
Insured by the FDIC	\$ 13,659	\$ 250,000	\$ -	\$ 263,659
Collateralized with securities pledged by the financial institution	3,957,376	762,228	-	4,719,604
Collateralized by securities held by the pledging financial institutions' trust depart- ment or agent but not in the depositor government's name	-	-	-	-
Uncollateralized	-	-	-	-
	<u>\$ 3,971,035</u>	<u>\$ 1,012,228</u>	<u>\$ -</u>	<u>\$ 4,983,263</u>
Carrying value	<u>\$ 3,811,444</u>	<u>\$ 1,000,000</u>	<u>\$ 250</u>	<u>\$ 4,811,694</u>

Investments, categorized by level of custodial risk, were as follows as of March 31, 2018:

	Investment Maturities (in years)		Fair Value	Carrying Value
	Less than 1	1-5		
U.S. Treasuries				
Restricted	\$ 230,302	\$ -	\$ 230,302	\$ 230,302
Money market funds				
Restricted	9,781	-	9,781	9,781
Total investments	<u>\$ 240,083</u>	<u>\$ -</u>	<u>\$ 240,083</u>	<u>\$ 240,083</u>

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, 2018, there is no custodial credit risk for the City's investments due to the City's investment policy which prohibits obligations not fully secured.

For assets and liabilities required to be reported at fair value, U.S. generally accepted accounting principles prescribes a framework for measuring fair value and financial statement disclosures about fair value measurements. A fair value hierarchy has been established that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The fair value hierarchy as prescribed by U.S. generally accepted accounting principles is as follows:

- Level 1 Valuation is based upon quoted prices (unadjusted) in active markets for identical assets or liabilities that the City has the ability to access.
- Level 2 Valuation is based upon quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.

Level 3 Valuation is generated from model-based techniques that use at least one significant assumption based on unobservable inputs for the asset or liability, which are typically based on the entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The City's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The City's assets are invested in U.S. Treasuries and money market funds, both of which are considered Level 2 investments.

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

	Government-Wide Statement of Net Position
Cash and cash equivalents:	
Unrestricted	\$ 4,343,548
Restricted	468,146
Subtotal	<u>4,811,694</u>
Investments:	
Restricted	<u>240,083</u>
Total cash and investments	<u><u>\$ 5,051,777</u></u>

4. RESTRICTED ASSETS

At March 31, 2018, total restricted assets were classified as follows:

Restricted cash and cash equivalents	\$ 468,146
Restricted investments	<u>240,083</u>
Total restricted assets	<u><u>\$ 708,229</u></u>

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

Capital Lease Obligation – 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, 2018, assets restricted for the Lease Revenue Account totaled \$9,781.

Restricted Assets by Purpose:

At March 31, 2018, assets were restricted for various uses as follows:

	<u>Assets</u>
Special revenue funds:	
Cemetery Fund (restricted for perpetual care)	\$ 403,177
Debt service funds:	
Parks and Recreation Sales Tax Fund	47
Library Bonds Debt Service	10,494
Permanent fund:	
A.B. Chance Memorial Trust Fund (restricted for perpetual care)	233,184
Enterprise funds:	
Electric Fund	
Debt service	9,781
Customer security deposits	35,910
Water Fund	
Customer security deposits	<u>15,636</u>
Total restricted assets	<u><u>\$ 708,229</u></u>

5. PROPERTY TAX

Property tax revenue is recognized independent of receivable recognition. A receivable is recognizable as of the lien date when the City has an enforceable legal claim while revenue is recognized in the period for which the taxes are levied. Receivables recognized prior to that period are recorded as deferred 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, 2018, because the levy and assessed valuation had not been determined as of March 31, 2018.

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 2017 are as follows:

	2017 Calendar Year
Assessed valuation:	
Real estate	\$ 40,645,086
Personal property	15,791,869
State assessed	702,993
	<u>\$ 57,139,948</u>

	Per \$100 Assessed Valuation	
	Maximum Levy Allowed by Law	City's Levy
General Revenue	\$ 0.6673	\$ 0.6673
Parks and Recreation	0.2988	0.2988
Library General Revenue	0.5505	0.5505
		<u>\$ 1.5166</u>

6. INTERFUND TRANSFERS AND RECEIVABLES/PAYABLES

A summary of interfund transfers for the year ended March 31, 2018, follows:

	Transfer Out	Transfer In
Governmental funds:		
General Fund	\$ 3,349	\$ 103,214
Special revenue:		
Pool Fund	-	39,600
Park Fund	800	28,724
Parks and Rec Center Fund	35,900	-
Cemetery Fund	-	35,000
Debt service:		
Parks and Rec Sales Tax Fund	26,900	-
Library Bonds Fund	14	-
Subtotal - governmental funds	<u>66,963</u>	<u>206,538</u>

(continued)

		(continued)
	Transfer Out	Transfer In
Enterprise funds:		
Electric Fund	156,430	36,800
Water Fund	41,375	21,430
Subtotal - enterprise funds	197,805	58,230
Total	<u>\$ 264,768</u>	<u>\$ 264,768</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, 2018, in the fund financial statements resulting from interfund transfers were as follows:

	Interfund Receivable	Interfund Payable	Net
Governmental funds:			
General	\$ 22,123	\$ -	\$ 22,123
Special revenue:			
Pool Fund	-	28,590	(28,590)
Park Fund	-	215	(215)
Cemetery Fund	-	14,558	(14,558)
Debt service:			
Parks and Rec Sales Tax Fund	28,590	-	28,590
Capital projects:			
Fire Equipment Fund	3,862	-	3,862
Highways and Streets Fund	-	3,862	(3,862)
Subtotal - governmental funds	54,575	47,225	7,350
Enterprise funds:			
Electric Fund	-	57,533	(57,533)
Water Fund	63,619	-	63,619
Sewer Fund	-	4,727	(4,727)
Sanitation Fund	-	8,709	(8,709)
Subtotal - enterprise funds	63,619	70,969	(7,350)
Total	<u>\$ 118,194</u>	<u>\$ 118,194</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 2018.

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 2018.

The balance due to the Parks and Recreation Sales Tax Fund from the Pool Fund (\$28,590) 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 2018.

The balance due between the capital projects funds originated during a prior fiscal year and was not settled during fiscal year 2018.

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 2018.

7. PROPERTY, PLANT AND EQUIPMENT

A summary of changes in capital assets for the year ended March 31, 2018, is as follows:

	Balance March 31, 2017	Additions	Retirements	Transfers/Other	Balance March 31, 2018
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 88,081	\$ -	\$ -	\$ -	\$ 88,081
Right of way	68,270	-	-	-	68,270
Total capital assets, not being depreciated	156,351	-	-	-	156,351
Capital assets, being depreciated:					
Buildings	3,159,942	-	-	-	3,159,942
Structures other than buildings	32,086	-	-	-	32,086
Equipment	6,051,508	361,357	(38,100)	-	6,374,765
Infrastructure	5,052,785	368,555	-	-	5,421,340
Total capital assets, being depreciated	14,296,321	729,912	(38,100)	-	14,988,133
Less accumulated depreciation:					
Buildings	919,181	85,967	-	-	1,005,148
Structures other than buildings	226,349	-	-	-	226,349
Equipment	3,615,950	229,049	(16,142)	-	3,828,857
Infrastructure	753,699	124,305	-	-	878,004
Total accumulated depreciation	5,515,179	439,321	(16,142)	-	5,938,358
Total capital assets being depreciated, net	8,781,142	290,591	(21,958)	-	9,049,775
Governmental activities capital assets, net	\$ 8,937,493	\$ 290,591	\$ (21,958)	\$ -	\$ 9,206,126

	Balance March 31, 2017	Additions	Retirements	Transfers/Other	Balance March 31, 2018
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 192,373	\$ -	\$ -	\$ -	\$ 192,373
Total capital assets, not being depreciated	192,373	-	-	-	192,373
Capital assets, being depreciated:					
Buildings	308,098	-	-	-	308,098
Structures other than buildings	12,744,080	73,506	-	-	12,817,586
Equipment	2,154,327	117,097	-	-	2,271,424
Total capital assets, being depreciated	15,206,505	190,603	-	-	15,397,108
Less accumulated depreciation for:					
Buildings	232,626	12,086	-	-	244,712
Structures other than buildings	8,125,650	301,407	-	-	8,427,057
Equipment	1,663,581	110,690	-	-	1,774,271
Total accumulated depreciation	10,021,857	424,183	-	-	10,446,040
Total capital assets being depreciated, net	5,184,648	(233,580)	-	-	4,951,068
Business-type activities capital assets, net	<u>\$ 5,377,021</u>	<u>\$ (233,580)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,143,441</u>

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

Governmental activities:	
General government	\$ 77,740
Streets	168,994
Public safety	41,061
Parks and recreation center	85,734
Parks	64,722
Cemetery	1,070
	<u>\$ 439,321</u>
Business-type activities:	
Water	\$ 124,845
Sewer	141,561
Electric	157,275
Sanitation	502
	<u>\$ 424,183</u>

8. LONG-TERM ACCRUED EMPLOYEE BENEFITS

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

	Employee Benefits
Beginning	\$ 91,636
Retirements	(49,713)
Additions	53,628
Ending	95,551
Less: amount due within one year	(46,820)
Total long-term accrued employee benefits	<u>\$ 48,731</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 was 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 \$174,749 and \$213,693, respectively.

As of March 31, 2018, improvements of \$2,178,973 have been capitalized as buildings, with \$528,844 of accumulated depreciation. Also, as of March 31, 2018, improvements of \$1,046,732 have been capitalized as infrastructure, with \$59,371 of accumulated depreciation. The associated debt is recorded in the governmental activities on the statement of net position.

Electric Substation Lease: In July 2009, the City entered into a lease/purchase agreement with the Missouri Association of Municipal Utilities (MAMU) as lessor with U.S. Bank, N.A. (US Bank) as trustee. The lease/purchase agreement covers the purchase, construction and installation of a new electric substation. As of March 31, 2018, improvements of \$1,591,500 have been capitalized, with \$483,443 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 \$971,883. Principal and interest paid for the current year and total operating electric revenues were \$151,474 and \$3,649,078, respectively.

The lease agreement contains a financial covenant, with which the City was in compliance as of March 31, 2018.

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 were originally due monthly through March 2020; however, the lease was paid off early during the year ended March 31, 2018. Principal and interest paid for the current year was \$123,417. As of March 31, 2018, \$202,495 has been capitalized as equipment, with \$9,284 of accumulated depreciation.

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 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, 2018, are as follows:

	Original Amount	Interest Rate	Maturity Date	Principal Balance 3/31/2018
Governmental activities:				
Community recreation center lease	\$ 2,390,000	3.69%	March 2035	\$ 2,175,000
Business-type activities:				
Electric substation lease	1,637,000	3.22%	July 2024	834,000
Total capital leases				<u>\$ 3,009,000</u>

The following is a summary of capital leases payable transactions for the City for the year ended March 31, 2018:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due in One Year
Governmental activities:					
Community recreation center lease	\$ 2,265,000	\$ -	\$ (90,000)	\$ 2,175,000	\$ 95,000
Fire apparatus lease	121,395	-	(121,395)	-	-
Total - governmental activities	2,386,395	-	(211,395)	2,175,000	95,000
Business-type activities:					
Electric substation lease	942,000	-	(108,000)	834,000	118,000
Total	\$ 3,328,395	\$ -	\$ (319,395)	\$ 3,009,000	\$ 213,000

The following is a schedule of the future minimum lease payments for the above capital leases in aggregate, and the present value of the net minimum lease payments at March 31, 2018.

Year Ending March 31:	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 95,000	\$ 80,258	\$ 175,258	\$ 118,000	\$ 38,131	\$ 156,131
2020	100,000	76,752	176,752	120,000	32,393	152,393
2021	100,000	73,062	173,062	128,000	26,414	154,414
2022	105,000	69,372	174,372	132,000	20,107	152,107
2023	110,000	65,498	175,498	141,000	13,552	154,552
2024-2028	605,000	264,020	869,020	195,000	7,286	202,286
2029-2033	725,000	143,940	868,940	-	-	-
2034-2035	335,000	18,635	353,635	-	-	-
Total	\$2,175,000	\$ 791,537	\$2,966,537	\$ 834,000	\$137,883	\$ 971,883

10. 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 of 1994. As of March 31, 2018, the City had recorded \$81,632 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, 2018. 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 entered into the MJMEUC agreement as a cost hedge against rapidly rising power costs at the time, but the City's share of Prairie State only covers a portion of the City's electric power needs. The City also purchases electric wholesale power from Ameren Energy Marketing, Big Rivers, and NextEra Energy Power Marking, LLC, under separate agreements with these entities.

E. Sanitation Commitments

Effective October 7, 2016, the City entered into an agreement with Dayne's Waste Disposal, Inc. for the collection and disposal of solid waste, which runs through October 31, 2021. As the dollar amount of the City's outstanding commitment is based on user charges and consumption, it has not been estimated as of March 31, 2018.

11. 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, 2018.

12. 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.

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>2017 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, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	18
Active employees	30
Total	<u><u>69</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 6.0% (General) and 0.6% (Police) of annual covered payroll.

Net Pension Liability (Asset)

The employer's net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2017.

Actuarial Assumptions

The total pension liability in the February 28, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25% wage, 2.50% price
Salary increase	3.25% to 6.55% including wage inflation
Investment rate of return	7.25%, net of investment expenses

Mortality rates were based on the 2014 Healthy Annuitant, Disabled, and Employees Mortality Tables.

The actuarial assumptions used in the February 28, 2017, valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

There were no changes in actuarial assumptions from the February 29, 2016 valuation.

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	43.00%	5.29%
Fixed income	26.00%	2.93%
Real assets	21.00%	3.31%
Strategic assets	10.00%	5.73%
	<u>100.00%</u>	

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, 2016	\$ 3,570,429	\$ 4,167,489	\$ (597,060)
Changes for the year:			
Service cost	102,956	-	102,956
Interest	255,434	-	255,434
Difference between expected and actual experience	51,743	-	51,743
Contributions - employer	-	59,835	(59,835)
Net investment income	-	529,420	(529,420)
Benefit payments, including refunds	(199,044)	(199,044)	-
Administrative expense	-	(5,395)	5,395
Other changes	-	189,818	(189,818)
Net changes	211,089	574,634	(363,545)
Balances at June 30, 2017	\$ 3,781,518	\$ 4,742,123	\$ (960,605)

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	\$ 4,315,308	\$ 3,781,518	\$ 3,341,864
Plan fiduciary net position	\$ 4,742,123	\$ 4,742,123	\$ 4,742,123
Net pension liability/(asset)	\$ (426,815)	\$ (960,605)	\$ (1,400,259)

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 March 31, 2018, the City recognized a negative pension expense of \$(71,642), which resulted in an increase to the changes in net position. The City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between:		
Expected and actual experience	\$ 39,862	\$ (112,563)
Projected and actual earnings on investments	100,255	-
Changes in assumptions*	96,470	-
Contributions subsequent to the measurement date**	45,900	-
Total	<u>\$ 282,487</u>	<u>\$ (112,563)</u>

*The amount reported as deferred outflows of resources resulting from changes in assumptions is due to changes in actuarial assumptions made in the February 29, 2016, actuarial valuation.

**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 March 31, 2019.

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

Year ending:	
2018	\$ 58,143
2019	61,556
2020	44,979
2021	(40,654)
Total	<u>\$ 124,024</u>

13. FUND DISCLOSURES

The Pool Fund has an accumulated deficit at March 31, 2018. 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.

14. TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*, requires disclosures of tax information about (1) a reporting government's own tax abatement agreements, and (2) those that are entered into by other governments that reduce the reporting government's tax revenues. There were such agreements, but they were not significant as of and for the year ended March 31, 2018.

15. SUBSEQUENT EVENTS

In April 2018, the voters approved a \$7.8 million bond issue. The City is also seeking funding from the State Revolving Fund for renovations to the water treatment plant and a wastewater land application project. These projects would include the purchase of approximately 120 acres of land.

In September 2018, the City purchased a building in the amount of \$450,000 to be used for special events. The purchase was financed by a lease purchase agreement.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CENTRALIA
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND
Year Ended March 31, 2018

	Actual	Original and Final Budget	Variance Favorable/ (Unfavorable)
REVENUES			
Taxes	\$ 1,379,235	\$ 1,303,305	\$ 75,930
Licenses and permits	48,933	48,250	683
Charges for services	1,466	1,150	316
Intergovernmental revenues	227,614	470,500	(242,886)
Fines and forfeitures	12,568	11,000	1,568
Miscellaneous	54,259	146,050	(91,791)
Total revenues	<u>1,724,075</u>	<u>1,980,255</u>	<u>(256,180)</u>
EXPENDITURES			
General government	440,475	477,056	36,581
Public safety	1,081,176	1,213,394	132,218
Public works	246,457	289,611	43,154
Community planning and economic development	42,102	286,824	244,722
Capital outlay	40,616	345,987	305,371
Total expenditures	<u>1,850,826</u>	<u>2,612,872</u>	<u>762,046</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(126,751)</u>	<u>(632,617)</u>	<u>505,866</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	103,214	-	103,214
Operating transfers (out)	<u>(3,349)</u>	<u>-</u>	<u>(3,349)</u>
Total other financing sources	<u>99,865</u>	<u>-</u>	<u>99,865</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	<u>\$ (26,886)</u>	<u>\$ (632,617)</u>	<u>\$ 605,731</u>

CITY OF CENTRALIA
LAGERS (PENSION PLAN)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
AND RELATED RATIOS
March 31, 2018

	2018	2017	2016
Total pension liability			
Service cost	\$ 102,956	\$ 103,251	\$ 101,377
Interest on the total pension liability	255,434	236,729	234,857
Difference between expected and actual experience	51,743	(79,299)	(171,090)
Assumption changes	-	164,840	-
Benefit payments	(199,044)	(136,794)	(143,574)
Net change in total pension liability	211,089	288,727	21,570
Total pension liability, beginning	3,570,429	3,281,702	3,260,132
Total pension liability, ending	<u>\$ 3,781,518</u>	<u>\$ 3,570,429</u>	<u>\$ 3,281,702</u>
Plan fiduciary net position			
Contributions - employer	\$ 59,835	\$ 64,321	\$ 73,038
Pension plan net investment income (loss)	529,420	(10,213)	84,676
Benefit payments	(199,044)	(136,794)	(143,574)
Pension plan administrative expense	(5,395)	(4,963)	(5,406)
Other	189,818	(33,936)	(87,317)
Net change in plan fiduciary net position	574,634	(121,585)	(78,583)
Plan fiduciary net position, beginning	4,167,489	4,289,074	4,367,657
Plan fiduciary net position, ending	<u>\$ 4,742,123</u>	<u>\$ 4,167,489</u>	<u>\$ 4,289,074</u>
Employer's net pension liability/(asset)	<u>\$ (960,605)</u>	<u>\$ (597,060)</u>	<u>\$ (1,007,372)</u>
Plan fiduciary net position as a percentage of the total pension liability	125.40%	116.72%	130.70%
Covered payroll	\$ 1,187,724	\$ 1,151,154	\$ 1,149,885
Employer's net pension liability/(asset) as a percentage of covered payroll	-80.88%	-51.87%	-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, 2018**

	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 61,787	\$ 57,601	\$ 65,936	\$ 75,284	\$ 75,770
Contributions in relation to the actuarially determined contribution	61,787	57,601	65,936	75,284	65,956
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,814</u>
Covered payroll	\$ 1,187,724	\$ 1,151,154	\$ 1,149,885	\$ 1,108,886	\$ 1,083,650
Contributions as a percentage of covered payroll	5.20%	5.00%	5.73%	6.79%	6.09%
	2013	2012	2011	2010	2009
Actuarially determined contribution	\$ 82,683	\$ 80,736	\$ 85,242	\$ 34,889	\$ 42,166
Contributions in relation to the actuarially determined contribution	60,417	51,816	44,324	34,889	42,166
Contribution deficiency (excess)	<u>\$ 22,266</u>	<u>\$ 28,920</u>	<u>\$ 40,918</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,090,774	\$ 1,045,877	\$ 1,023,191	\$ 1,077,910	\$ 1,068,376
Contributions as a percentage of covered payroll	5.54%	4.95%	4.33%	3.24%	3.95%

SUPPLEMENTARY INFORMATION

CITY OF CENTRALIA
COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
NON-MAJOR FUNDS
March 31, 2018

	Special Revenue						Debt Service		Permanent	Capital Projects		
	Pool Fund	Park Fund	Parks and Rec Center Fund	Cemetery Fund	Transportation Sales Tax Fund	Avenue of Flags Fund	Parks and Rec Sales Tax Fund	Library Bonds Fund	A.B. Chance Memorial Fund	Fire Equipment Fund	Highways and Streets Fund	Total
ASSETS												
Cash and cash equivalents	\$ 15,070	\$ 192,214	\$ 145,965	\$ 102,223	\$ 398,167	\$ 9,441	\$ 131,535	\$ -	\$ -	\$ 81,301	\$ 3,862	\$ 1,079,778
Accounts receivable	-	-	-	2,146	-	-	-	-	-	-	-	2,146
Taxes receivable	-	10,949	-	-	32,353	-	32,353	376	-	-	-	76,031
Due from other funds	-	-	-	-	-	-	28,590	-	-	3,862	-	32,452
Other assets	-	12,130	1,642	-	-	-	-	-	-	-	-	13,772
Restricted assets												
Cash and cash equivalents	-	-	-	403,177	-	-	47	10,494	2,882	-	-	416,600
Investments	-	-	-	-	-	-	-	-	230,302	-	-	230,302
Total assets	\$ 15,070	\$ 215,293	\$ 147,607	\$ 507,546	\$ 430,520	\$ 9,441	\$ 192,525	\$ 10,870	\$ 233,184	\$ 85,163	\$ 3,862	\$ 1,851,081
LIABILITIES												
Accounts payable	\$ 12,071	\$ -	\$ -	\$ 689	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,760
Due to other funds	28,590	215	-	14,558	-	-	-	-	-	-	3,862	47,225
Unearned revenue	-	-	52,426	-	-	-	-	-	-	-	-	52,426
Total liabilities	40,661	215	52,426	15,247	-	-	-	-	-	-	3,862	112,411
DEFERRED INFLOWS OF RESOURCES												
Unavailable revenue - property taxes	-	7,777	-	-	-	-	-	245	-	-	-	8,022
Total deferred inflows of resources	-	7,777	-	-	-	-	-	245	-	-	-	8,022
FUND BALANCES (DEFICIT)												
Nonspendable												
Perpetual care	-	-	-	-	-	-	-	-	233,184	-	-	233,184
Restricted for:												
Debt service	-	-	-	-	-	-	192,525	10,625	-	-	-	203,150
Culture and recreation	-	207,301	-	-	-	9,441	-	-	-	-	-	216,742
Perpetual care	-	-	-	492,299	-	-	-	-	-	-	-	492,299
Capital projects	-	-	-	-	430,520	-	-	-	-	-	-	430,520
Committed for:												
Culture and recreation	-	-	95,181	-	-	-	-	-	-	-	-	95,181
Capital projects	-	-	-	-	-	-	-	-	-	85,163	-	85,163
Unassigned	(25,591)	-	-	-	-	-	-	-	-	-	-	(25,591)
Total fund balances (deficit)	(25,591)	207,301	95,181	492,299	430,520	9,441	192,525	10,625	233,184	85,163	-	1,730,648
Total liabilities, deferred inflows of resources, and fund balances (deficit)	\$ 15,070	\$ 215,293	\$ 147,607	\$ 507,546	\$ 430,520	\$ 9,441	\$ 192,525	\$ 10,870	\$ 233,184	\$ 85,163	\$ 3,862	\$ 1,851,081

CITY OF CENTRALIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR FUNDS
 Year Ended March 31, 2018

	Special Revenue						Debt Service		Permanent	Capital Projects		
	Pool Fund	Park Fund	Parks and Rec Center Fund	Cemetery Fund	Transportation Sales Tax Fund	Avenue of Flags Fund	Parks and Rec Sales Tax Fund	Library Bonds Fund	A.B. Chance Memorial Fund	Fire Equipment Fund	Highways and Streets Fund	Total
REVENUES												
Taxes	\$ -	\$ 214,168	\$ -	\$ -	\$ 213,695	\$ -	\$ 213,693	\$ 1,339	\$ -	\$ 1,920	\$ -	\$ 644,815
Charges for services	84,527	4,858	295,739	13,225	-	-	-	-	-	-	-	398,349
Intergovernmental revenues	-	-	-	-	78,701	-	-	-	-	-	-	78,701
Miscellaneous												
Interest	-	737	3,140	4,128	-	122	2,999	2	1,274	843	-	13,245
Contributions	-	1,025	-	3,197	-	6,259	-	-	-	159,866	-	170,347
Other	-	-	1,605	9,300	122,325	216	-	-	-	-	-	133,446
Total revenues	84,527	220,788	300,484	29,850	414,721	6,597	216,692	1,341	1,274	162,629	-	1,438,903
EXPENDITURES												
Culture and recreation	115,443	202,320	277,096	-	-	4,981	-	-	-	-	-	599,840
Cemetery	-	-	-	37,984	-	-	-	-	4,930	-	-	42,914
Capital outlay	-	6,843	7,457	-	333,076	-	-	-	-	91,860	-	439,236
Debt service	-	-	-	-	-	-	174,749	-	-	-	-	174,749
Total expenditures	115,443	209,163	284,553	37,984	333,076	4,981	174,749	-	4,930	91,860	-	1,256,739
Excess (deficiency) of revenues over (under) expenditures	(30,916)	11,625	15,931	(8,134)	81,645	1,616	41,943	1,341	(3,656)	70,769	-	182,164
OTHER FINANCING SOURCES (USES)												
Operating transfers in	39,600	28,724	-	35,000	-	-	-	-	-	-	-	103,324
Operating transfers (out)	-	(800)	(35,900)	-	-	-	(26,900)	(14)	-	-	-	(63,614)
Total other financing sources (uses)	39,600	27,924	(35,900)	35,000	-	-	(26,900)	(14)	-	-	-	39,710
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	8,684	39,549	(19,969)	26,866	81,645	1,616	15,043	1,327	(3,656)	70,769	-	221,874
Fund balances, April 1	(34,275)	167,752	115,150	465,433	348,875	7,825	177,482	9,298	236,840	14,394	-	1,508,774
FUND BALANCES (DEFICIT), MARCH 31	\$ (25,591)	\$ 207,301	\$ 95,181	\$ 492,299	\$ 430,520	\$ 9,441	\$ 192,525	\$ 10,625	\$ 233,184	\$ 85,163	\$ -	\$ 1,730,648