

**REPORT OF**  
**CITY OF CENTRALIA**  
**MARCH 31, 2015**

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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, 2015, 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, 2015, 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*

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 Keepers LLC*

July 13, 2015

# 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, 2015. The City has endeavored, with the assistance of our auditors, to incorporate several requirements of the Governmental Accounting Standards Board (GASB), including GASB 33 relating to the use of grant funds, GASB 34 relating to capital assets and GASB 65 relating to deferred inflows and outflows. 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 24-43 of this report. All amounts, unless otherwise indicated, are rounded to the nearest dollar.

## FINANCIAL HIGHLIGHTS

- The assets of the City of Centralia exceeded its liabilities at the close of the most recent fiscal year by \$15,589,343. Of this amount, \$3,334,139 may be used to meet the government's ongoing obligations to citizens and creditors without limitations.
- The City's total net position increased by \$85,683, compared to an increase in the prior year of \$11,730. 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 City was able to absorb the increased cost of transmission of whole electric power without a rate increase.
- At the close of the current fiscal year, the City of Centralia's governmental funds reported combined ending fund balances of \$2,292,399, an increase of \$286,431 in comparison with the prior year. Approximately 27.3% of this total amount is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$669,394 or 42.2% of total general fund expenditures.
- The total bonded debt for the City of Centralia decreased by \$30,000 (30%) during the current fiscal year, through a payment on the Library Bond issue. No new bonds were issued during this fiscal year. The City has thirteen years remaining of a lease-purchase contract (principal of \$1,555,000) to finance construction of a community recreation center. Just over nine years remain on a lease-purchase contract to fund construction of an electric substation (principal of \$1,148,000).

## 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 (a major fund). Data from the remaining funds are combined into a single, aggregated presentation, designated "non-major funds". Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* on pages 46 and 47.

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, for accounting and clerical services available to multiple City departments, and for immediate and long-term accrued employee benefits.

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

The basic proprietary fund financial statements can be found on pages 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. Information is also included which provides a record of insurance coverage for the City of Centralia. The notes to the financial statements can be found on pages 24-43 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 44 and 45.

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 46 and 47 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Statement of Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Centralia, assets exceeded liabilities by \$15,589,343 at the close of the most recent fiscal year.

By far the largest portion of the City of Centralia's net position (69.7%) 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 (9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$3,334,139) may be used to meet the government's ongoing obligations to citizens and creditors. The City only slightly increased its investments in new capital constructions in the last fiscal year. Therefore, the impact of (non-cash) depreciation expenses offset any increases in the net value of capital assets for the City. The decrease in long-term liabilities is mainly attributable to principal payments during the fiscal year.

### City of Centralia's Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2015	2014	2015	2014	2015
Current and other assets	\$ 2,611,647	\$ 2,823,040	\$ 2,443,521	\$ 2,700,438	\$ 5,055,168	\$ 5,523,478
Capital assets	7,915,069	7,792,055	6,249,025	5,807,940	14,164,094	13,599,995
Total assets	10,526,716	10,615,095	8,692,546	8,508,378	19,219,262	19,123,473
Current liabilities	198,284	215,419	353,662	388,512	551,946	603,931
Long-term liabilities	1,823,697	1,693,873	1,339,959	1,236,326	3,163,656	2,930,199
Total liabilities	2,021,981	1,909,292	1,693,621	1,624,838	3,715,602	3,534,130
Net position						
Net investment in capital assets	6,204,535	6,185,131	5,018,509	4,673,424	11,223,044	10,858,555
Restricted	1,189,738	1,396,649	-	-	1,189,738	1,396,649
Unrestricted	1,110,462	1,124,023	1,980,416	2,210,116	3,090,878	3,334,139
Total net position	\$ 8,504,735	\$ 8,705,803	\$ 6,998,925	\$ 6,883,540	\$ 15,503,660	\$ 15,589,343

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

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

**Governmental activities.** Governmental activities increased net position by \$201,068, compared to a decrease of \$115,385 in business-type net position, resulting in an increase of \$85,683 in the total net position of the City of Centralia. This over-all increase in total net position reflects an increase of 2.4% for governmental activities, compared to a 1.6% decrease for business-type activities. Key elements of this increase are as follows:

- Sales taxes increased at a better pace than in many previous years and well ahead of inflation as measured by the Consumer Price Index (even when downward fluctuations for food and energy costs are not counted). Sales taxes for the General Fund are up approximately 7% with inflation under 2% without food and energy costs (-1.1% including food and energy costs). Property taxes increased by 12.6% 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.
- Having completed the reconstruction of Switzler Street, the City began concentrating the use of the Transportation Sales Tax to overlay several streets that require resurfacing.
- A regular capital grant from Boone County for street purposes was consistent with the previous year. The City was awarded a new grant to install a sidewalk in front of Centralia High School, which will run through the next two fiscal years.
- Operation of the City's recreation center is self-supporting. Service charges were sufficient to cover operational losses for the swimming pool and still generated a surplus in the present year. This and a small portion of the park sales tax are being held as a growing reserve for large, future projects. 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 \$115,385. Key elements of this decrease are as follows:

- Revenues for electric power were adequate to cover operating expenses and were slightly 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 decreased slightly again this year. Revenues for the Sanitation Fund increased slightly, 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	
	2014	2015	2014	2015	2014	2015
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 830,586	\$ 882,531	\$ 4,407,074	\$ 4,549,107	\$ 5,237,660	\$ 5,431,638
Capital grants	69,719	72,082	-	-	69,719	72,082
Operating grants	29,056	39,375	297	471	29,353	39,846
General revenues:						
Property taxes	500,339	494,218	-	-	500,339	494,218
Sales taxes	820,315	916,590	-	-	820,315	916,590
Gross receipts	457,456	494,795	-	-	457,456	494,795
Surcharge	105,253	118,002	-	-	105,253	118,002
Gas and motor fuel tax	102,857	106,277	-	-	102,857	106,277
Miscellaneous	6,209	7,074	1,522	1,305	7,731	8,379
County payments	52,520	55,468	-	-	52,520	55,468
Miscellaneous - other income	-	-	59,284	-	59,284	-
Contributed capital	10,215	-	-	-	10,215	-
Gain on sale of capital assets	16,752	-	-	-	16,752	-
Interest income	9,062	5,704	6,211	3,113	15,273	8,817
Net transfers in (out)	89,801	104,510	(89,801)	(104,510)	-	-
<b>Total revenues</b>	<b>3,100,140</b>	<b>3,296,626</b>	<b>4,384,587</b>	<b>4,449,486</b>	<b>7,484,727</b>	<b>7,746,112</b>
<b>Expenses:</b>						
General government	602,440	636,241	-	-	602,440	636,241
Public safety	984,943	1,004,170	-	-	984,943	1,004,170
Public works	534,918	618,702	-	-	534,918	618,702
Community planning and economic development	28,777	45,317	-	-	28,777	45,317
Culture and recreation	601,093	652,238	-	-	601,093	652,238
Cemetery	48,904	45,888	-	-	48,904	45,888
Interest expense	97,945	93,002	-	-	97,945	93,002
Electric	-	-	3,157,665	3,247,957	3,157,665	3,247,957
Water	-	-	590,761	585,231	590,761	585,231
Wastewater	-	-	362,212	323,173	362,212	323,173
Sanitation	-	-	463,339	408,510	463,339	408,510
<b>Total expenses</b>	<b>2,899,020</b>	<b>3,095,558</b>	<b>4,573,977</b>	<b>4,564,871</b>	<b>7,472,997</b>	<b>7,660,429</b>
Increase in net position	201,120	201,068	(189,390)	(115,385)	11,730	85,683
Net position, beginning	8,303,615	8,504,735	7,188,315	6,998,925	15,491,930	15,503,660
Net position, ending	<u>\$ 8,504,735</u>	<u>\$ 8,705,803</u>	<u>\$ 6,998,925</u>	<u>\$ 6,883,540</u>	<u>\$ 15,503,660</u>	<u>\$ 15,589,343</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 \$2,292,399, an increase of \$286,431 in comparison with the prior year. Approximately 27.3% of this total amount (\$624,842) 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 (\$374,038), to generate income to pay for the perpetual care of the municipal cemetery (\$401,415), for capital construction (\$219,776) or for recreation functions (\$156,329). 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 \$803,922. 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 42.2% percent of total General Fund expenditures.

The fund balance of the City of Centralia's General Fund increased by \$142,833 during the current fiscal year. Key components in this change are:

- Revenue from property taxes exceeded budgeted expectations (9.2%) and revenues from the previous year (14.4%). Sales taxes exceeded budget targets (6.5%) and revenues from the previous year (7.4%). Overall gross receipts taxes were up 6.7% over budget projections and 8.2% over the previous year. 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 above the budgeted amount, but slightly less than the preceding year, and were not a major source of revenue for the City of Centralia.
- The General Fund received a transfer from the Electric Fund of \$60,000 and a transfer from the Water Fund of \$30,000. These transfers helped to maintain minimum standards for street maintenance and are also considered partial reimbursement for the administrative services performed by the City Administrator and a recognition that, as municipal entities, the utilities do not pay the property taxes which would otherwise be collected from a private utility. The transfer from the Electric Fund was \$20,000 less than the prior year, but the electric utility funded repairs to City Hall in the current year.

The Centralia Recreation Center completed its fifth full year in operation. Expenditures on the facility remained low; membership remained high; and the Center was again able to substantially add to the fund balance. Proceeds to the Parks and Recreation Sales Tax Fund paid the sixth year's principal (\$75,000) and interest (\$86,086) requirements on the Center's capital lease.

The Transportation Sales Tax Fund has a fund balance of \$219,776. Previous balances and revenue to this fund paid for approximately \$178,267 in street improvements.

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

Unrestricted net position for the Water Fund at the end of the fiscal year amounted to \$569,149; those for the Sewer Fund amounted to \$211,249; those for the Electric Fund amounted to \$1,341,176; and those for the Sanitation Fund

amounted to \$88,542. 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 \$88,326 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 expenses lower than budgeted—a result of low utility costs for City facilities and cautious purchasing practices.
- Expenditures for the City Administrator’s salary exceeded the budgeted amount by approximately \$12,000, primarily due to a three week overlap that allowed for training with the former City Administrator.
- Expenditures for protective inspection activity once again exceeded the budgeted amount by approximately \$8,000. This reflects county charges for building inspections being higher as a result of residential development exceeding expectations and commercial building projects. As in the previous year, these expenditures were balanced by a corresponding increase in revenues from permit fees. The budgeted amount for 2015-16 has been increased in anticipation of a continuation of this trend.
- 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 \$140,087, approximately 8.7% above the projected total. This is primarily due to sales taxes exceeding the budget target by approximately 7%. Total expenditures and transfers out were approximately \$633,922 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.

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 45.6% 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, 2015, amounts to \$10,858,555 (net of accumulated depreciation and related debt). This investment in capital assets includes land, building and systems, improvements, machinery and equipment, park facilities, roads and storm drainage facilities.

The total decrease in the City of Centralia’s investment in capital assets for the current fiscal year was 3.2% (a 0.3% decrease for governmental activities and a 6.9% decrease for business-type activities).

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

- An additional \$8,500 was spent on development of the City's geographic-based information system.
- The City contracted for asphalt overlay improvements to City streets in the amount of \$178,267.
- The Fire Department purchased SCBA (Self-Contained Breathing Apparatus) equipment in the amount of \$16,600.
- The Parks and Recreation Department purchased \$18,959 worth of replacement equipment for the Recreation Center.
- The Street Department purchased a ¾-ton pickup truck for the amount of \$32,114.

Additional detailed and summary information on the City of Centralia's capital assets can be found in Note 7 on pages 35 and 36 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 \$70,000. 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 Year</u>	<u>Library Principal</u>	<u>Bonds Interest</u>
2015-2016	\$35,000	\$ 3,920
2016-2017	\$35,000	\$ 1,960

The Library Bonds Debt Service Fund has a reserve balance of \$27,199, sufficient to meet a large portion of the debt services requirement of \$38,920 in 2015-16. 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 2015 levy should not exceed that of 2014 (\$0.0785 per \$100 of assessed valuation). The levy should probably remain stable for the remaining two-year lifetime of the bond issue.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to no more than five percent of its total assessed valuation. Upon a special vote of the electorate, additional debt can be issued up to another five percent of assessed valuation. The current basic debt limitation for the City of Centralia is \$2,449,797 based on a final assessed valuation for 2014 of \$48,995,944. This is significantly in excess of the City of Centralia's outstanding general obligation debt.

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

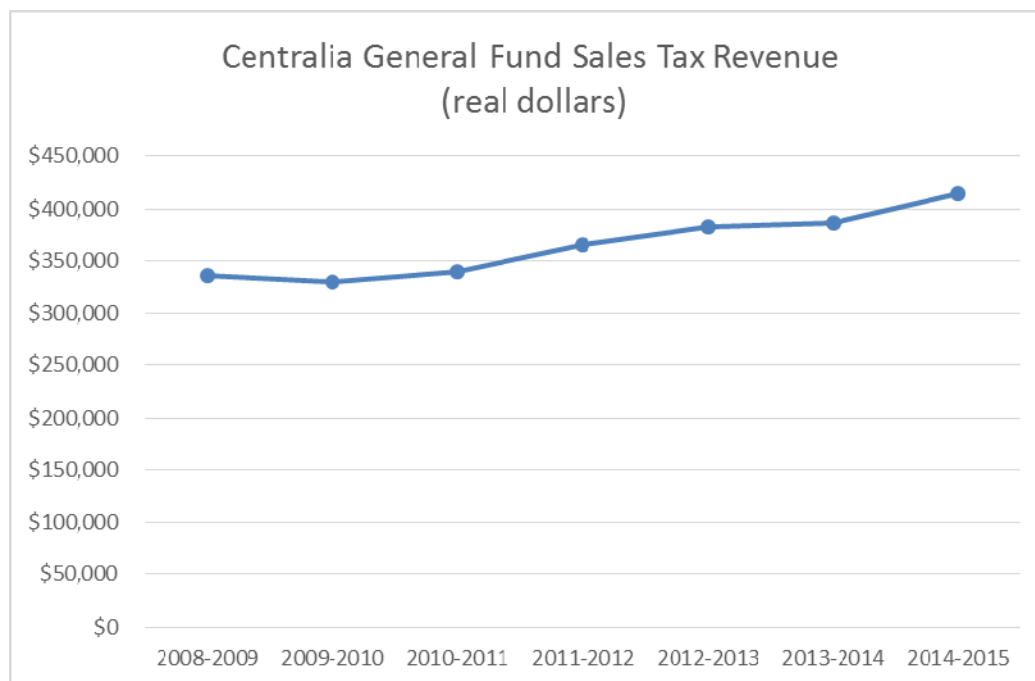
In 2008, the City contracted for a capital lease for the Centralia Recreation Center in the principal amount of \$1,985,000. Debt service payments have reduced the outstanding principal to \$1,550,000 by March 31, 2015. Future principal and interest payments include: \$160,713 in 2015-16, \$162,113 in 2016-17, \$158,075 in 2017-18, \$159,038 in 2018-19 and \$159,763 in 2019-20. Payments of similar size will be made in each of the remaining fiscal years through 2027-28. The final payments in 2027-28 will total \$321,775, but \$162,113 of that will be paid from a reserve account which is already fully-funded. Debt service payments are to be made from the proceeds of the Parks and Rec Sales Tax Fund. Annual receipts in that fund exceed the debt service requirements.

In 2009, the City contracted for a capital lease for a second electric substation, with a related feeder circuit and SCADA control system in the principal amount of \$1,637,000. Debt service payments have reduced the outstanding principal to \$1,148,000 by March 31, 2015. Future monthly principal and interest payments should not exceed a total of: \$151,847 in 2015-16, \$156,725 in 2016-17, \$151,582 in 2017-18, \$156,131 in 2018-19, and \$152,393 in 2019-20. Payments of similar size will be made in each of the remaining fiscal years through 2024-25. The project was completed in 2010 and was significantly under preliminary cost estimates. The unspent principal was applied to debt service payments in 2011-12. Future debt service payments are to be made from the ongoing operating revenues of the Electric Fund.

Additional information on the City of Centralia's capital leases can be found in Note 9 on pages 37-39 of the notes to the financial statements. Additional information on long-term debt can be found in Note 10 on page 39.

## 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 3.7% (not seasonally adjusted) for April 2015. During 2013, the local Chevrolet dealer completed its relocation to new, larger facilities on Highway 22. 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. A number of new small businesses have opened, or will open, in fiscal year 2015-16 including a bakery, an event center, a yoga studio, and a yogurt shop.
- Sales tax revenues increased by approximately 7% in fiscal year 2014-15, a reflection of some population growth and a local retail sector which is grounded in basic commodities such as food. General Fund sales tax revenues are cautiously budgeted at \$402,597 for 2015-16, 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:

2010	14 units
2011	24 units
2012	19 units
2013	21 units
2014	28 units

Permits for 14 new units have been issued through June 2015.

- 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>
2010-2011	\$34,079,340	\$42,986,359
2011-2012	\$34,392,419	\$45,526,069
2012-2013	\$34,979,368	\$46,072,039
2013-2014	\$35,126,345	\$47,020,403
2014-2015	\$36,132,131	\$48,995,944

During the current fiscal year, unrestricted fund balance in the General Fund increased to \$803,922. The City of Centralia has appropriated \$192,669 of this amount for spending in the 2015-16 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 2015-16 fiscal year anticipates that total transfers from the Electric and Water Funds will be \$110,000, an increase of \$20,000 from the 2014-15 fiscal year, but the same as the 2013-14 fiscal year. A decision from the Missouri Supreme Court has reaffirmed the right of cities to make prudent transfers from utility "profits."

The rates for water, sewer, sanitation, and electric services will remain at present levels for fiscal year 2015-16, although sanitation rates were increased during 2014-15. During 2010, the City negotiated for a contract for the purchase of wholesale power for a three-year period beginning January 1, 2012. This, blended with an allotment of power from a new electric plant in Illinois, allowed Centralia to buy power at a cost about 15% less than it previously paid. The City has since signed further contracts for the purchase of wholesale power for the years 2015, 2016, and January through May of 2017 at an even lower cost. The resulting surplus should then be available to help finance any emergency needs of the City and temper rate increases. Current negotiations for the next three-year purchase suggest that rates may be stable in the near future.

Major one-time expenditures included in the fiscal year 2015-16 budget or continuing from the 2014-15 budget include:

- Purchase of a new "mini-pumper" style apparatus for the Fire Department via a five-year lease purchase agreement - \$44,000
- Asphalt overlay of 2.3 miles of existing City streets - \$159,422
- Reserve for eventual relocation of Randolph Street, and improvements to Wigham Street and Gano Chance Drive - \$138,528
- Removal of dilapidated housing - up to \$7,500
- Boring under both sets of railroad tracks in two locations for electric conduit, and eventually to extend electric wire to improve the resilience and reliability of the City's electric grid - \$165,000

- Lining and refurbishing storm sewer culverts under Gano Chance and South Jefferson - \$66,000
- Purchase of a valve insertion tool - \$45,000
- Purchase of a police cruiser and safety equipment for the Police Department - \$22,200
- 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 - \$40,000
- Principal and interest payments on the capital lease for the electric substation project - \$152,107
- Debt service on outstanding Library Bonds - \$38,920
- Landfill closure reserve - \$88,326
- Debt service on capital lease for Centralia Recreation Center - \$159,088
- 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.

  
Matthew C. Harline, City Administrator

**CITY OF CENTRALIA**  
**STATEMENT OF NET POSITION**  
**March 31, 2015**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,683,259	\$ 1,879,410	\$ 3,562,669
Accounts and grants receivable, net of allowance for doubtful accounts of \$8,992	64,800	398,320	463,120
Inventories	-	362,502	362,502
Taxes receivable, net of allowance for doubtful accounts of \$2,761	213,687	-	213,687
Internal balances	7,350	(7,350)	-
Other current assets	18,714	-	18,714
Restricted assets:			
Cash and cash equivalents	432,499	54,072	486,571
Investments	402,731	13,484	416,215
Capital assets:			
Non-depreciable	179,156	192,374	371,530
Depreciable, net	7,612,899	5,615,566	13,228,465
Total assets	<u>10,615,095</u>	<u>8,508,378</u>	<u>19,123,473</u>
<b>LIABILITIES</b>			
Accounts payable	152,580	307,668	460,248
Sales tax payable	-	25,663	25,663
Customer security deposits	-	54,072	54,072
Accrued interest payable	3,870	1,109	4,979
Unearned revenue	58,969	-	58,969
Long-term liabilities:			
Due within one year			
Accrued employee benefits	42,605	-	42,605
Bonds payable	35,000	-	35,000
Leases payable	80,000	98,000	178,000
Due in more than one year			
Accrued employee benefits	44,344	-	44,344
Accrued landfill closure costs	-	88,326	88,326
Bonds payable	35,000	-	35,000
Leases payable	1,456,924	1,050,000	2,506,924
Total liabilities	<u>1,909,292</u>	<u>1,624,838</u>	<u>3,534,130</u>
<b>NET POSITION</b>			
Net investment in capital assets	6,185,131	4,673,424	10,858,555
Restricted for:			
Expendable:			
Debt service	374,038	-	374,038
Culture and recreation	156,329	-	156,329
Perpetual care	401,415	-	401,415
Capital projects	219,776	-	219,776
Nonexpendable:			
Perpetual care	245,091	-	245,091
Unrestricted	1,124,023	2,210,116	3,334,139
Total net position	<u>\$ 8,705,803</u>	<u>\$ 6,883,540</u>	<u>\$ 15,589,343</u>

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



CITY OF CENTRALIA  
STATEMENT OF ACTIVITIES  
Year Ended March 31, 2015

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	\$ 636,241	\$ 200,215	\$ -	\$ 904	\$ (435,122)	\$ -	\$ (435,122)
Public safety	1,004,170	22,267	-	32,777	(949,126)	-	(949,126)
Public works	618,702	286,050	72,032	-	(260,620)	-	(260,620)
Community planning and economic development	45,317	-	-	-	(45,317)	-	(45,317)
Culture and recreation	652,238	355,874	50	-	(296,314)	-	(296,314)
Cemetery	45,888	18,125	-	5,694	(22,069)	-	(22,069)
Interest expense	93,002	-	-	-	(93,002)	-	(93,002)
Total governmental activities	3,095,558	882,531	72,082	39,375	(2,101,570)	-	(2,101,570)
Business-type activities:							
Electric	3,247,957	3,317,906	-	471	-	70,420	70,420
Water	585,231	572,574	-	-	-	(12,657)	(12,657)
Wastewater	323,173	242,447	-	-	-	(80,726)	(80,726)
Sanitation	408,510	416,180	-	-	-	7,670	7,670
Total business-type activities	4,564,871	4,549,107	-	471	-	(15,293)	(15,293)
Total	\$ 7,660,429	\$ 5,431,638	\$ 72,082	\$ 39,846	\$ (2,101,570)	\$ (15,293)	\$ (2,116,863)
General revenue:							
Taxes							
Property taxes					494,218	-	494,218
Sales taxes					916,590	-	916,590
Gross receipts					494,795	-	494,795
Surcharge					118,002	-	118,002
Gas and motor fuel tax					106,277	-	106,277
Miscellaneous					7,074	1,305	8,379
County payments					55,468	-	55,468
Interest income					5,704	3,113	8,817
Net transfers in (out) from other funds					104,510	(104,510)	-
Total general revenues					2,302,638	(100,092)	2,202,546
Changes in net position					201,068	(115,385)	85,683
Net position, April 1					8,504,735	6,998,925	15,503,660
Net position, March 31					\$ 8,705,803	\$ 6,883,540	\$ 15,589,343

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, 2015**

	General Fund	Non-Major Funds	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 751,608	\$ 700,798	\$ 1,452,406
Accounts receivable	1,035	1,035	2,070
Taxes receivable, net of allowance for doubtful accounts of \$2,761	146,835	66,852	213,687
Due from other funds	22,123	29,341	51,464
Restricted assets			
Cash and cash equivalents	-	432,499	432,499
Investments	-	402,731	402,731
Total assets	<u>\$ 921,601</u>	<u>\$ 1,633,256</u>	<u>\$ 2,554,857</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 95,183	\$ 40,443	\$ 135,626
Due to other funds	-	44,114	44,114
Unearned revenue	7,223	51,746	58,969
Total liabilities	<u>102,406</u>	<u>136,303</u>	<u>238,709</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - property taxes	15,273	8,476	23,749
Total deferred inflows of resources	<u>15,273</u>	<u>8,476</u>	<u>23,749</u>
<b>FUND BALANCES</b>			
Nonspendable			
Perpetual care	-	245,091	245,091
Restricted for:			
Debt service	-	374,038	374,038
Culture and recreation	-	156,329	156,329
Perpetual care	-	401,415	401,415
Capital projects	-	219,776	219,776
Committed for:			
Culture and recreation	-	126,073	126,073
Capital projects	134,528	10,307	144,835
Unassigned	669,394	(44,552)	624,842
Total fund balances	<u>803,922</u>	<u>1,488,477</u>	<u>2,292,399</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 921,601</u>	<u>\$ 1,633,256</u>	<u>\$ 2,554,857</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, 2015**

Fund balances - total governmental funds		\$ 2,292,399
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	12,564,521	
Less accumulated depreciation	<u>(4,772,466)</u>	
		7,792,055
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		
		250,999
Long-term liabilities, including leases payable, bonds payable and accrued employee benefits, are not due and payable in the current period; therefore, they are not reported as liabilities in the governmental funds:		
Certificates of participation	(1,555,000)	
Unamortized discount	18,076	
Bonds payable	(70,000)	
Accrued employee benefits	(42,605)	
Accrued interest payable	<u>(3,870)</u>	
		(1,653,399)
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>23,749</u>
Net position of governmental activities		<u><u>\$ 8,705,803</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, 2015**

	General Fund	Non-Major Funds	Totals
<b>REVENUES</b>			
Taxes	\$ 1,352,341	\$ 658,156	\$ 2,010,497
Licenses and permits	34,174	-	34,174
Charges for services	1,194	359,525	360,719
Intergovernmental revenues	242,506	72,021	314,527
Fines and forfeitures	22,267	-	22,267
Miscellaneous			
Interest	3,335	2,369	5,704
Contributions	904	5,744	6,648
Other	563	18,336	18,899
Total revenues	<u>1,657,284</u>	<u>1,116,151</u>	<u>2,773,435</u>
<b>EXPENDITURES</b>			
General government	333,500	-	333,500
Public safety	944,066	-	944,066
Public works	205,370	3,774	209,144
Community planning and economic development	45,317	-	45,317
Culture and recreation	-	534,749	534,749
Cemetery	-	44,818	44,818
Capital outlay	56,177	227,755	283,932
Debt service	-	196,898	196,898
Total expenditures	<u>1,584,430</u>	<u>1,007,994</u>	<u>2,592,424</u>
Excess of revenues over expenditures	<u>72,854</u>	<u>108,157</u>	<u>181,011</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	90,000	36,129	126,129
Operating transfers (out)	(20,881)	(738)	(21,619)
Proceeds from sale of capital assets	910	-	910
Total other financing sources	<u>70,029</u>	<u>35,391</u>	<u>105,420</u>
Excess of revenues and other financing sources over expenditures	<u>142,883</u>	<u>143,548</u>	<u>286,431</u>
Fund balances, April 1	<u>661,039</u>	<u>1,344,929</u>	<u>2,005,968</u>
<b>FUND BALANCES, MARCH 31</b>	<u>\$ 803,922</u>	<u>\$ 1,488,477</u>	<u>\$ 2,292,399</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, 2015**

Net change in fund balances - total governmental funds	\$ 286,431
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	283,932
Depreciation	<u>(403,401)</u>
	(119,469)
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.	(3,545)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Taxes	(26,602)
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	105,000
Change in interest payable	286
Amortization of discounts from lease purchases	<u>(1,390)</u>
	103,896
Compensated absences are accrued in the statement of activities whereas they are reported as expenditures in the governmental funds	70,558
Internal service funds are used by the City to charge the costs of fleet operations and employee benefits to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities	<u>(110,201)</u>
Change in net position of governmental activities	<u><u>\$ 201,068</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, 2015**

	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	\$ 1,102,597	\$ 397,263	\$ 191,582	\$ 187,968	\$ 1,879,410	\$ 230,853
Accounts receivable, net of allowance for doubtful accounts of \$8,992	322,152	47,609	22,614	5,945	398,320	62,730
Inventories	263,830	98,672	-	-	362,502	-
Other current assets	-	-	-	-	-	18,714
Due from other funds	-	43,284	-	-	43,284	-
Total current assets	1,688,579	586,828	214,196	193,913	2,683,516	312,297
Restricted assets:						
Customer security deposits, cash	37,609	16,463	-	-	54,072	-
Restricted investments	13,484	-	-	-	13,484	-
Capital assets:						
Non-depreciable	18,822	24,346	149,206	-	192,374	-
Depreciable, net	2,399,718	1,170,971	1,981,470	63,407	5,615,566	-
Total assets	4,158,212	1,798,608	2,344,872	257,320	8,559,012	312,297
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	274,974	17,679	2,947	12,068	307,668	16,954
Sales tax payable	25,663	-	-	-	25,663	-
Accrued employee benefits	-	-	-	-	-	42,605
Accrued interest payable	1,109	-	-	-	1,109	-
Lease payable	98,000	-	-	-	98,000	-
Due to other funds	45,657	-	-	4,977	50,634	-
Total current liabilities	445,403	17,679	2,947	17,045	483,074	59,559
Payable from restricted assets:						
Customer security deposits	37,609	16,463	-	-	54,072	-
Long-term liabilities:						
Accrued employee benefits	-	-	-	-	-	44,344
Lease payable	1,050,000	-	-	-	1,050,000	-
Estimated landfill post closure costs	-	-	-	88,326	88,326	-
Total liabilities	1,533,012	34,142	2,947	105,371	1,675,472	103,903
<b>NET POSITION</b>						
Net investment in capital assets	1,284,024	1,195,317	2,130,676	63,407	4,673,424	-
Unrestricted	1,341,176	569,149	211,249	88,542	2,210,116	208,394
Total net position	\$ 2,625,200	\$ 1,764,466	\$ 2,341,925	\$ 151,949	\$ 6,883,540	\$ 208,394

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, 2015

	Major Funds				Total	
	Electric Fund	Water Fund	Sewer Fund	Sanitation Fund	Enterprise Funds	Internal Service Funds
OPERATING REVENUES						
Charges for services	\$ 3,317,906	\$ 572,574	\$ 242,447	\$ 416,180	\$ 4,549,107	\$ 450,334
Contributions	471	-	-	-	471	-
Miscellaneous	1,305	-	-	-	1,305	-
Total operating revenues	3,319,682	572,574	242,447	416,180	4,550,883	450,334
OPERATING EXPENSES						
Planning and administration	71,580	52,035	10,753	52,325	186,693	225,180
Communication	53,173	23,493	23,720	-	100,386	-
Well operation, maintenance and repair	-	66,673	-	-	66,673	-
Distribution	2,681,804	172,596	-	-	2,854,400	-
Buildings and grounds	120,801	11,619	-	-	132,420	-
Treatment	-	122,392	-	-	122,392	-
Sewerage collections	-	-	32,302	-	32,302	-
Lift operations	-	-	35,282	-	35,282	-
Sewerage treatment collections	-	-	39,363	-	39,363	-
Land application	-	-	37,284	-	37,284	-
Depreciation	156,037	136,423	144,128	16,097	452,685	-
Brush and tree control	90,261	-	-	-	90,261	-
Street lighting	15,993	-	-	-	15,993	-
Equipment operations	-	-	-	-	-	262,381
Trash collection	-	-	-	207,591	207,591	-
Trash disposal	-	-	-	131,815	131,815	-
Miscellaneous	-	-	341	682	1,023	2,416
Total operating expenses	3,189,649	585,231	323,173	408,510	4,506,563	489,977
OPERATING INCOME (LOSS)	130,033	(12,657)	(80,726)	7,670	44,320	(39,643)
NON-OPERATING REVENUES (EXPENSES)						
Interest expense	(58,308)	-	-	-	(58,308)	-
Interest income	1,266	989	392	466	3,113	-
Total non-operating revenues (expenses)	(57,042)	989	392	466	(55,195)	-
NET INCOME (LOSS)	72,991	(11,668)	(80,334)	8,136	(10,875)	(39,643)
Operating transfers in	34,675	21,430	-	-	56,105	34,677
Operating transfers (out)	(122,683)	(36,099)	-	(1,833)	(160,615)	(34,677)
Change in net position	(15,017)	(26,337)	(80,334)	6,303	(115,385)	(39,643)
Net position, April 1	2,640,217	1,790,803	2,422,259	145,646	6,998,925	248,037
NET POSITION, MARCH 31	\$ 2,625,200	\$ 1,764,466	\$ 2,341,925	\$ 151,949	\$ 6,883,540	\$ 208,394

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, 2015**

	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	\$ 3,321,087	\$ 573,446	\$ 242,730	\$ 416,921	\$ 4,554,184	\$ 466,344
Cash paid to vendors	(2,861,493)	(348,447)	(137,106)	(299,463)	(3,646,509)	(427,599)
Cash paid to employees	(171,507)	(109,963)	(40,285)	(98,054)	(419,809)	(88,185)
Net cash provided (used) by operating activities	288,087	115,036	65,339	19,404	487,866	(49,440)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Operating transfers in (out)	(88,008)	(14,669)	-	(1,833)	(104,510)	-
Net change in interfund payables/receivables	21,529	(21,532)	-	3	-	-
Net cash used by noncapital financing activities	(66,479)	(36,201)	-	(1,830)	(104,510)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Payment for capital acquisitions	(8,500)	-	-	(3,100)	(11,600)	-
Principal paid on debt	(96,000)	-	-	-	(96,000)	-
Interest paid on debt	(58,435)	-	-	-	(58,435)	-
Net cash used by capital and related financing activities	(162,935)	-	-	(3,100)	(166,035)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest income	1,266	989	392	466	3,113	-
Net cash provided by investing activities	1,266	989	392	466	3,113	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	59,939	79,824	65,731	14,940	220,434	(49,440)
Cash and cash equivalents, beginning of year	1,042,658	317,439	125,851	173,028	1,658,976	280,293
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<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>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating income (loss)	\$ 130,033	\$ (12,657)	\$ (80,726)	\$ 7,670	\$ 44,320	\$ (39,643)
Adjustments:						
Depreciation and amortization	156,037	136,423	144,128	16,097	452,685	-
(Increase) decrease in assets:						
Accounts receivable	1,405	872	283	741	3,301	16,010
Inventories	(29,508)	(4,162)	-	-	(33,670)	-
Customer deposits	(3,844)	(2,270)	-	-	(6,114)	-
Increase (decrease) in liabilities:						
Accounts payable	21,433	(5,440)	1,654	2,529	20,176	407
Sales tax payable	8,687	-	-	-	8,687	-
Customer deposits	3,844	2,270	-	-	6,114	-
Estimated landfill postclosure costs	-	-	-	(7,633)	(7,633)	-
Accrued employee benefits	-	-	-	-	-	(26,214)
Net cash provided (used) by operating activities	<u>\$ 288,087</u>	<u>\$ 115,036</u>	<u>\$ 65,339</u>	<u>\$ 19,404</u>	<u>\$ 487,866</u>	<u>\$ (49,440)</u>

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



**CITY OF CENTRALIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**March 31, 2015**

	<u>Agency</u>
	Library Trust
	<u>Fund</u>
ASSETS	
Taxes receivable	<u>\$     12,818</u>
LIABILITIES	
Due to other governments	<u>         1,762</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	<u>         11,058</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 No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*. The City provides collection and bookkeeping services for the City of Centralia Municipal Library District (the Library), which is not a component unit of the City. The property tax collections that are passed through to the Library are accounted for as an agency fund.

##### *B. Government-Wide and Fund Financial Accounting*

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

The City reports the following major governmental fund:

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

The City reports the following major proprietary funds:

Enterprise Funds:

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

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

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

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

Internal Service Fund:

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

Additionally, the City reports the following fiduciary fund:

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

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

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and the fiduciary trust fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, interest and principal on general long-term debt are recognized when due.

Property tax, sales tax, gasoline tax, motor vehicle tax, interest, and revenues from other governmental units associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

Sometimes the City will fund outlays for a particular purpose from both restricted (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 and nonexpendable trust funds under generally accepted accounting principles, cash and cash equivalents are only distinguished for those funds.

#### *E. Accounts Receivable*

Accounts receivable result primarily from utility services accounted for in the Electric, Water, Sewer, and Sanitation Funds. All unbilled receivables are included in accounts receivable in the accompanying financial statements as of March 31, 2015.

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

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

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

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

### *I. Compensated Absences:*

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

### *J. Deferred Outflows/Inflows of Resources and Unearned Revenue*

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

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

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

### *K. Long-Term Obligations*

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

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

### *L. Fund Equity*

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

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

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

Committed – This consists of amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority (the Board of 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, and the estimated post closure liability related to the landfill.

## **2. BUDGETS**

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

The City Administrator, elected mayor and Board of 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, 2015:

	Cash and Cash Equivalents	Certificates of Deposit	Petty Cash	Total
Bank balance				
Insured by the FDIC	\$ 3,166	\$ 250,000	\$ -	\$ 253,166
Collateralized with securities pledged by the financial institution	3,142,222	758,466	-	3,900,688
Collateralized by securities held by the pledging financial institutions' trust depart- ment or agent but not in the depositor government's name	-	-	-	-
Uncollateralized	-	-	-	-
	<u>\$ 3,145,388</u>	<u>\$ 1,008,466</u>	<u>\$ -</u>	<u>\$ 4,153,854</u>
Carrying value	<u>\$ 3,048,990</u>	<u>\$ 1,000,000</u>	<u>\$ 250</u>	<u>\$ 4,049,240</u>

Investments, categorized by level of custodial risk, were as follows as of March 31, 2015:

	Investment Maturities (in years)		Fair Value	Carrying Value
	Less than 1	1-5		
U.S. Treasuries				
Restricted	\$ 240,608	\$ -	\$ 240,608	\$ 240,608
Money market funds				
Restricted	175,607	-	175,607	175,607
Total investments	<u>\$ 416,215</u>	<u>\$ -</u>	<u>\$ 416,215</u>	<u>\$ 416,215</u>

Investments are recorded at cost, which approximates market.

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

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Credit risk is measured using credit quality ratings of investments in debt securities as described by nationally recognized rating agencies such as Standard & Poor's and Moody's. State statutes authorize the City to invest in obligations of the U.S. Treasury, and federal agencies and instrumentalities; certificates of deposit issued by Missouri banks; and repurchase agreements. The City's policy is to only invest in obligations of the United States or its agencies, insured or secured certificates of deposits, certain obligations of the State of Missouri or political subdivisions and municipalities, and certain surety bonds. Policy prohibits the purchase of any investments that do not meet the above mentioned criteria. The money market 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, 2015, 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	\$ 3,562,669
Restricted	486,571
Subtotal	<u>4,049,240</u>
Investments:	
Restricted	<u>416,215</u>
Total cash and investments	<u><u>\$ 4,465,455</u></u>

#### 4. RESTRICTED ASSETS

At March 31, 2015, total restricted assets were classified as follows:

Restricted cash and cash equivalents	\$ 486,571
Restricted investments	<u>416,215</u>
Total restricted assets	<u><u>\$ 902,786</u></u>

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

##### *Capital Lease Obligation – Recreation Center:*

Reserve Account: Lease proceeds totaling \$162,112 are to be deposited to this account. Once funded, payments from the account shall be expended solely to prevent any default in the payment of interest or principal. If at any time the amount in this account is less than \$162,112, the City must replenish the account following the terms of the lease. At March 31, 2015, assets restricted for the Lease Revenue Account totaled \$162,123.

##### *Capital Lease Obligation – Electric Substation Lease:*

Reserve Account: Lease proceeds totaling \$15,256 are to be deposited to this account. Once funded, payments from the account shall be expended solely to prevent any default in the payment of interest or principal. At March 31, 2015, assets restricted for the Lease Revenue Account totaled \$13,484.

*Restricted Assets by Purpose:*

At March 31, 2015, assets were restricted for various uses as follows:

	<u>Assets</u>
Special Revenue Funds:	
Cemetery Fund (restricted for perpetual care)	\$ 401,277
Debt Service Funds:	
Parks and Recreation Sales Tax Fund	162,123
Library Bonds Debt Service	26,739
Permanent Fund:	
A.B. Chance Memorial Trust Fund (restricted for perpetual care)	245,091
Enterprise Fund:	
Electric Fund	
Debt service	13,484
Customer security deposits	37,609
Water Fund	
Customer security deposits	<u>16,463</u>
Total restricted assets	<u><u>\$ 902,786</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 year end because they meet the recognition requirements. However, no amounts have been recorded as receivable or deferred inflows for taxes that will be due for property owned on January 1, 2015, because the levy and assessed valuation had not been determined as of March 31, 2015.

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 2014 are as follows:

	2014 Calendar Year
Assessed valuation:	
Real estate	\$ 36,132,131
Personal property	12,158,131
State assessed	705,682
	<u>\$ 48,995,944</u>

	Per \$100 Assessed Valuation	
	Maximum Levy Allowed by Law	City's Levy
General Revenue	\$ 0.6674	\$ 0.6674
Parks and Recreation	0.2988	0.2988
Library General Revenue	0.5584	0.5500
Library Debt Service	0.1045	0.0785
		<u>\$ 1.5947</u>

## 6. INTERFUND TRANSFERS AND RECEIVABLES/PAYABLES

A summary of interfund transfers for the year ended March 31, 2015, follows:

	Transfer Out	Transfer In
Governmental funds:		
General	\$ 20,881	\$ 90,000
Special revenue:		
Park	738	1,129
Cemetery	-	35,000
Subtotal - governmental funds	<u>21,619</u>	<u>126,129</u>
Enterprise funds:		
Electric	122,683	34,675
Sanitation	1,833	-
Water	36,099	21,430
Subtotal - enterprise funds	<u>160,615</u>	<u>56,105</u>
Internal Service Fund	<u>34,677</u>	<u>34,677</u>
Total	<u>\$ 216,911</u>	<u>\$ 216,911</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, 2015 in the fund financial statements resulting from interfund transfers were as follows:

	Interfund Receivable	Interfund Payable	Net
Governmental funds:			
General	\$ 22,123	\$ -	\$ 22,123
Special revenue:			
Avenue of Flags Fund	-	749	(749)
Cemetery Fund	749	14,558	(13,809)
Park Fund	-	215	(215)
Parks and Rec Sales Tax Fund	28,592	-	28,592
Pool Fund	-	28,592	(28,592)
Subtotal - governmental funds	51,464	44,114	7,350
Enterprise funds:			
Electric	-	45,657	(45,657)
Sanitation	-	4,977	(4,977)
Water	43,284	-	43,284
Subtotal - enterprise funds	43,284	50,634	(7,350)
Total	\$ 94,748	\$ 94,748	\$ -

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 2015.

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 2015.

The balance due to the Cemetery Fund from the Avenue of Flags Fund (\$749) represents expenditures incurred by the Cemetery Fund on behalf of the Avenue of Flags Fund. This balance originated during fiscal year 2014, and was not settled during fiscal year 2015.

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

The balance due to the Water Fund from the Electric Fund (\$38,307) and the Sanitation Fund (\$4,977) represents expenses incurred by the Water Fund on behalf of the Electric Fund and the Sanitation Fund. This balance originated during fiscal year 2014, and was not settled during fiscal year 2015.

## 7. PROPERTY, PLANT AND EQUIPMENT

A summary of changes in capital assets for the year ended March 31, 2015 is as follows:

	Balance March 31, 2014	Additions	Retirements	Transfers/Other	Balance March 31, 2015
<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	-	-	-	22,805
Total capital assets, not being depreciated	179,156	-	-	-	179,156
Capital assets, being depreciated:					
Buildings	3,159,942	-	-	-	3,159,942
Structures other than buildings	32,086	-	-	-	32,086
Equipment	5,523,883	105,665	(12,512)	-	5,617,036
Infrastructure	3,398,034	178,267	-	-	3,576,301
Total capital assets, being depreciated	12,113,945	283,932	(12,512)	-	12,385,365
Less accumulated depreciation:					
Buildings	658,075	87,268	-	-	745,343
Structures other than buildings	139,934	86,415	-	-	226,349
Equipment	3,050,292	229,718	(8,967)	-	3,271,043
Infrastructure	529,731	-	-	-	529,731
Total accumulated depreciation	4,378,032	403,401	(8,967)	-	4,772,466
Total capital assets being depreciated, net	7,735,913	(119,469)	(3,545)	-	7,612,899
Governmental activities capital assets, net	\$ 7,915,069	\$ (119,469)	\$ (3,545)	\$ -	\$ 7,792,055

	Balance March 31, 2014	Additions	Retirements	Transfers/Other	Balance March 31, 2015
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 192,374	\$ -	\$ -	\$ -	\$ 192,374
Total capital assets, not being depreciated	192,374	-	-	-	192,374
Capital assets, being depreciated:					
Buildings	308,098	-	-	-	308,098
Structures other than buildings	12,373,426	-	-	-	12,373,426
Equipment	2,293,797	11,600	(14,221)	-	2,291,176
Total capital assets, being depreciated	14,975,321	11,600	(14,221)	-	14,972,700
Less accumulated depreciation for:					
Buildings	190,977	14,823	-	-	205,800
Structures other than buildings	7,236,916	297,417	-	-	7,534,333
Equipment	1,490,777	140,445	(14,221)	-	1,617,001
Total accumulated depreciation	8,918,670	452,685	(14,221)	-	9,357,134
Total capital assets being depreciated, net	6,056,651	(441,085)	-	-	5,615,566
Business-type activities capital assets, net	\$ 6,249,025	\$ (441,085)	\$ -	\$ -	\$ 5,807,940

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

<b>Governmental activities:</b>	
General government	\$ 77,561
Streets	147,177
Public safety	60,104
Parks and recreation center	63,128
Parks	54,361
Cemetery	1,070
	<u>\$ 403,401</u>
<b>Business-type activities:</b>	
Water	\$ 136,423
Sewer	144,128
Electric	156,037
Sanitation	16,097
	<u>\$ 452,685</u>

## 8. LONG-TERM ACCRUED EMPLOYEE BENEFITS

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

Beginning	\$ 113,163
Retirements	(91,568)
Additions	<u>65,354</u>
Ending	86,949
Less: amount due within one year	<u>(42,605)</u>
Total long-term accrued employee benefits	<u>\$ 44,344</u>

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

## 9. CAPITAL LEASES PAYABLE

The City has the following leases:

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

Incremental sales taxes are projected to produce the debt service requirements over the life of the Certificates. The Certificates bear interest rates at 4.0% to 5.5%. Principal and interest payments are due annually and semi-annually, respectively, through March 2028. For the current year, principal and interest paid and total park and recreation sales tax revenues for the Certificates are \$161,086 and \$217,151, respectively. As of March 31, 2015, improvements of \$2,178,973 have been capitalized as buildings, with \$342,075 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, 2015, improvements of \$1,591,500 have been capitalized, with \$292,464 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 \$1,432,037. Principal and interest paid for the current year and total operating electric revenues were \$154,308 and \$3,319,682, respectively.

The lease agreement contains a financial covenant, with which the City was in compliance as of March 31, 2015.

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, 2015, are as follows:

	Original Amount	Interest Rate	Maturity Date	Principal Balance 3/31/2015
Governmental activities:				
Community recreation center lease	\$ 1,985,000	4% - 5.5%	March 2028	\$ 1,555,000
Total capital leases - governmental activities				<u>1,555,000</u>
Business-type activities:				
Electric substation lease	1,637,000	3.22%	July 2024	<u>1,148,000</u>
Total capital leases - business-type activities				<u>1,148,000</u>
Total capital leases				<u>\$ 2,703,000</u>

The following is a summary of capital leases payable transactions for the City for the year ended March 31, 2015:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due in One Year
Governmental activities:					
Community recreation center lease					
Principal	\$1,630,000	\$ -	\$ (75,000)	\$1,555,000	\$ 80,000
Less: unamortized lease discount	(19,466)	-	1,390	(18,076)	-
Business-type activities:					
Electric substation lease	<u>1,244,000</u>	<u>-</u>	<u>(96,000)</u>	<u>1,148,000</u>	<u>98,000</u>
Total	<u>\$2,854,534</u>	<u>\$ -</u>	<u>\$ (169,610)</u>	<u>\$2,684,924</u>	<u>\$ 178,000</u>

As of March 31, 2015, accumulated amortization related to the deferred discount on the community recreation center lease totaled \$9,151.



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, 2015.

Year Ending March 31:	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$ 80,000	\$ 80,713	\$ 160,713	\$ 98,000	\$ 53,847	\$ 151,847
2017	85,000	77,113	162,113	108,000	48,725	156,725
2018	85,000	73,075	158,075	108,000	43,582	151,582
2019	90,000	69,038	159,038	118,000	38,131	156,131
2020	95,000	64,763	159,763	120,000	32,393	152,393
2021-2025	550,000	245,537	795,537	596,000	67,359	663,359
2026-2028	570,000	72,325	642,325	-	-	-
Total	<u>\$ 1,555,000</u>	<u>\$ 682,564</u>	<u>\$ 2,237,564</u>	<u>\$ 1,148,000</u>	<u>\$ 284,037</u>	<u>\$ 1,432,037</u>

## 10. BONDS PAYABLE

The following is a summary of bonds payable transactions for the City for the year ended March 31, 2015:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due in One Year
Library Bonds, Series 1997	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ (30,000)</u>	<u>\$ 70,000</u>	<u>\$ 35,000</u>

*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
2016	\$ 35,000	\$ 3,920	\$ 38,920
2017	35,000	1,960	36,960
Total minimum debt payments	<u>\$ 70,000</u>	<u>\$ 5,880</u>	<u>\$ 75,880</u>

## 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, 2015, the City had recorded \$88,326 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, 2015. 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.

## **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, 2015.

## **13. PENSION PLAN**

### *A. Plan Description*

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

LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by state statute section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102 or calling 1-800-447-4334.

### *B. Funding Status*

The City of Centralia's full-time employees do not contribute to the pension plan. The City is required to contribute at an actuarially determined rate; the current rate is 8.8% (general) and 0.2% (police) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the City. The contribution provisions of the City are established by state statute.

The City's payroll for employees covered by LAGERS for the year ended March 31, 2015, was \$985,555 and the total City payroll was \$1,519,000. The City's contribution to LAGERS for the year ended March 31, 2015, was \$63,228, which represents 6.4% of covered payroll.

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

For LAGERS fiscal year ended June 30, 2014, the City's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 75,523
Interest on net pension obligation	6,452
Adjustment to annual required contribution	<u>(7,311)</u>
Annual pension cost	74,664
Actual contributions	<u>67,971</u>
Increase in NPO	6,693
NPO beginning of year	<u>88,992</u>
NPO end of year	<u>\$ 95,685</u>

The City has elected not to record the net pension obligation as of March 31, 2015, due to its immateriality to the City as a whole.

The annual required contribution was determined as part of the February 29, 2012 and February 28, 2013 annual actuarial valuations using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2014 included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 29, 2012 was 30 years for the General division and 17 years for the Police division. The amortization period as of February 28, 2013 was 30 years for the General division and 18 years for the Police division.

Three-Year Trend Information				
LAGERS Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation	
6/30/12	\$ 78,107	67%	\$	70,983
6/30/13	79,860	77%		88,992
6/30/14	74,664	91%		95,685

Funding Status						
Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/14	\$ 2,608,952	\$ 2,190,409	\$ (418,543)	119%	\$ 1,117,051	-37%

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

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

#### **14. FUND DISCLOSURES**

The Pool Fund has an accumulated deficit at March 31, 2015. 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.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF CENTRALIA**  
**BUDGETARY COMPARISON SCHEDULE -**  
**GENERAL FUND**  
**Year Ended March 31, 2015**

	Actual	Original & Final Budget	Variance Favorable/ (Unfavorable)
<b>REVENUES</b>			
Taxes	\$ 1,352,341	\$ 1,247,481	\$ 104,860
Licenses and permits	34,174	20,935	13,239
Charges for services	1,194	100	1,094
Intergovernmental revenues	242,506	225,400	17,106
Fines and forfeitures	22,267	17,641	4,626
Miscellaneous	5,712	96,550	(90,838)
Total revenues	<u>1,658,194</u>	<u>1,608,107</u>	<u>50,087</u>
<b>EXPENDITURES</b>			
General government	333,500	340,300	6,800
Public safety	944,066	1,021,208	77,142
Public works	205,370	339,042	133,672
Community planning and economic development	45,317	55,043	9,726
Capital outlay	56,177	483,640	427,463
Total expenditures	<u>1,584,430</u>	<u>2,239,233</u>	<u>654,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>73,764</u>	<u>(631,126)</u>	<u>704,890</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in	90,000	-	90,000
Operating transfers (out)	<u>(20,881)</u>	<u>-</u>	<u>(20,881)</u>
Total other financing sources	<u>69,119</u>	<u>-</u>	<u>69,119</u>
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	<u>\$ 142,883</u>	<u>\$ (631,126)</u>	<u>\$ 774,009</u>

**CITY OF CENTRALIA**

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

Schedule of Funding Progress

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/29/12	\$ 2,032,627	\$ 1,824,337	\$ (208,290)	111%	\$ 1,042,639	-20%
2/28/13	2,195,558	1,944,892	(250,666)	113%	1,068,965	-23%
2/28/14	2,608,952	2,190,409	(418,543)	119%	1,117,051	-37%

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



## **SUPPLEMENTARY INFORMATION**

**CITY OF CENTRALIA**  
**COMBINING STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES**  
**NON-MAJOR FUNDS**  
**March 31, 2015**

	Special Revenue						Debt Service		Permanent	Capital Projects		
	Pool Fund	Park Fund	Parks and Rec Center Fund	Cemetery Fund	Transportation Sales Tax Fund	Avenue of Flags Fund	Parks and Rec Sales Tax Fund	Library Bonds Debt Service Fund	A.B. Chance Memorial Fund	Fire Equipment Fund	Highways & Streets Fund	Total
<b>ASSETS</b>												
Cash and cash equivalents	\$ -	\$ 150,141	\$ 197,583	\$ 15,527	\$ 191,704	\$ 7,484	\$ 128,052	\$ -	\$ -	\$ 6,445	\$ 3,862	\$ 700,798
Accounts receivable	-	-	-	1,035	-	-	-	-	-	-	-	1,035
Taxes receivable	-	8,610	-	-	28,072	-	28,072	2,098	-	-	-	66,852
Due from other funds	-	-	-	749	-	-	28,592	-	-	-	-	29,341
Restricted assets												
Cash and cash equivalents	-	-	-	401,277	-	-	-	26,739	4,483	-	-	432,499
Investments	-	-	-	-	-	-	162,123	-	240,608	-	-	402,731
Total assets	<u>\$ -</u>	<u>\$ 158,751</u>	<u>\$ 197,583</u>	<u>\$ 418,588</u>	<u>\$ 219,776</u>	<u>\$ 7,484</u>	<u>\$ 346,839</u>	<u>\$ 28,837</u>	<u>\$ 245,091</u>	<u>\$ 6,445</u>	<u>\$ 3,862</u>	<u>\$ 1,633,256</u>
<b>LIABILITIES</b>												
Accounts payable	\$ 15,960	\$ 2,104	\$ 19,764	\$ 2,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,443
Due to other funds	28,592	215	-	14,558	-	749	-	-	-	-	-	44,114
Unearned revenue	-	-	51,746	-	-	-	-	-	-	-	-	51,746
Total liabilities	<u>44,552</u>	<u>2,319</u>	<u>71,510</u>	<u>17,173</u>	<u>-</u>	<u>749</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>136,303</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>												
Unavailable revenue - property taxes	-	6,838	-	-	-	-	-	1,638	-	-	-	8,476
Total deferred inflows of resources	<u>-</u>	<u>6,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,476</u>
<b>FUND BALANCES (DEFICIT)</b>												
Nonspendable												
Perpetual care	-	-	-	-	-	-	-	-	245,091	-	-	245,091
Restricted for:												
Debt service	-	-	-	-	-	-	346,839	27,199	-	-	-	374,038
Culture and recreation	-	149,594	-	-	-	6,735	-	-	-	-	-	156,329
Perpetual care	-	-	-	401,415	-	-	-	-	-	-	-	401,415
Capital projects	-	-	-	-	219,776	-	-	-	-	-	-	219,776
Committed for:												
Culture and recreation	-	-	126,073	-	-	-	-	-	-	-	-	126,073
Capital projects	-	-	-	-	-	-	-	-	-	6,445	3,862	10,307
Unassigned	<u>(44,552)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(44,552)</u>
Total fund balances (deficit)	<u>(44,552)</u>	<u>149,594</u>	<u>126,073</u>	<u>401,415</u>	<u>219,776</u>	<u>6,735</u>	<u>346,839</u>	<u>27,199</u>	<u>245,091</u>	<u>6,445</u>	<u>3,862</u>	<u>1,488,477</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ -</u>	<u>\$ 158,751</u>	<u>\$ 197,583</u>	<u>\$ 418,588</u>	<u>\$ 219,776</u>	<u>\$ 7,484</u>	<u>\$ 346,839</u>	<u>\$ 28,837</u>	<u>\$ 245,091</u>	<u>\$ 6,445</u>	<u>\$ 3,862</u>	<u>\$ 1,633,256</u>

**CITY OF CENTRALIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NON-MAJOR FUNDS**  
**Year Ended March 31, 2015**

	Special Revenue						Debt Service		Permanent	Capital Projects		
	Pool Fund	Park Fund	Parks and Rec Center Fund	Cemetery Fund	Transportation Sales Tax Fund	Avenue of Flags Fund	Parks and Rec Sales Tax Fund	Library Bonds Debt Service Fund	A.B. Chance Memorial Fund	Fire Equipment Fund	Highways & Streets Fund	Total
<b>REVENUES</b>												
Taxes	\$ -	\$ 186,718	\$ -	\$ -	\$ 217,151	\$ -	\$ 217,151	\$ 35,068	\$ -	\$ 2,068	\$ -	\$ 658,156
Charges for services	78,605	6,168	263,227	11,525	-	-	-	-	-	-	-	359,525
Intergovernmental revenues	-	-	-	-	72,021	-	-	-	-	-	-	72,021
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	133	652	588	116	18	428	3	417	14	-	2,369
Contributions	-	50	-	3,794	-	1,900	-	-	-	-	-	5,744
Other	-	7,298	576	6,600	-	-	-	-	-	-	3,862	18,336
<b>Total revenues</b>	<b>78,605</b>	<b>200,367</b>	<b>264,455</b>	<b>22,507</b>	<b>289,288</b>	<b>1,918</b>	<b>217,579</b>	<b>35,071</b>	<b>417</b>	<b>2,082</b>	<b>3,862</b>	<b>1,116,151</b>
<b>EXPENDITURES</b>												
Public works	-	-	-	-	3,774	-	-	-	-	-	-	3,774
Culture and recreation	117,768	153,108	263,267	-	-	606	-	-	-	-	-	534,749
Cemetery	-	-	-	37,563	-	-	-	-	7,255	-	-	44,818
Capital outlay	5,359	-	44,129	-	178,267	-	-	-	-	-	-	227,755
Debt service	-	-	-	-	-	-	161,086	35,812	-	-	-	196,898
<b>Total expenditures</b>	<b>123,127</b>	<b>153,108</b>	<b>307,396</b>	<b>37,563</b>	<b>182,041</b>	<b>606</b>	<b>161,086</b>	<b>35,812</b>	<b>7,255</b>	<b>-</b>	<b>-</b>	<b>1,007,994</b>
Excess (deficiency) of revenues over (under) expenditures	(44,522)	47,259	(42,941)	(15,056)	107,247	1,312	56,493	(741)	(6,838)	2,082	3,862	108,157
<b>OTHER FINANCING SOURCES (USES)</b>												
Operating transfers in	-	1,129	-	35,000	-	-	-	-	-	-	-	36,129
Operating transfers (out)	-	(738)	-	-	-	-	-	-	-	-	-	(738)
<b>Total other financing sources</b>	<b>-</b>	<b>391</b>	<b>-</b>	<b>35,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,391</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures	(44,522)	47,650	(42,941)	19,944	107,247	1,312	56,493	(741)	(6,838)	2,082	3,862	143,548
Fund balances, April 1	(30)	101,944	169,014	381,471	112,529	5,423	290,346	27,940	251,929	4,363	-	1,344,929
<b>FUND BALANCES (DEFICIT), MARCH 31</b>	<b>\$ (44,552)</b>	<b>\$ 149,594</b>	<b>\$ 126,073</b>	<b>\$ 401,415</b>	<b>\$ 219,776</b>	<b>\$ 6,735</b>	<b>\$ 346,839</b>	<b>\$ 27,199</b>	<b>\$ 245,091</b>	<b>\$ 6,445</b>	<b>\$ 3,862</b>	<b>\$ 1,488,477</b>