

**CITY OF WEST PLAINS, MISSOURI**  
**BASIC FINANCIAL STATEMENTS**  
**Year Ended March 31, 2011**

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## **INDEPENDENT AUDITORS' REPORT**

Honorable Mayor and City Council  
City of West Plains  
West Plains, Missouri

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of West Plains, Missouri, as of and for the year ended March 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of West Plains, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the City's 2010 financial statements and, in our report dated September 3, 2010, we expressed an unqualified opinion on the basic financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units and each major fund of the City of West Plains, Missouri, as of March 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Honorable Mayor and City Council  
City of West Plains  
West Plains, Missouri

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and schedules of funding progress and employer contributions are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Plains, Missouri's basic financial statements. The Enterprise Fund Departmental Statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended March 31, 2011, and, in our opinion, is fairly stated in all material respects, in relation to the respective basic financial statements taken as a whole.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.  
August 15, 2011

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF WEST PLAINS, MISSOURI**  
**March 31, 2011**

The management's discussion and analysis of the City of West Plains' financial performance provides an overview of the City's financial activities for the fiscal year ended March 31, 2011. Please read it in conjunction with the City's financial statements, which begin on page 15.

***Financial Highlights***

- The net assets of the City's governmental activities increased by \$58,985 as a result of current year activities. The net assets of the City's business activities increased by \$1,377,196 for the year.
- The assets of the City exceeded its liabilities as of March 31, 2011, by \$89.2 million (net assets). Of this amount \$16.9 million was unrestricted and may be used to meet future obligations of the City.
- Total long-term liabilities of the City decreased by \$1,758,177.
- The City has a half-cent transportation tax. This tax was originally passed by voters in 2002 and then extended through 2012 with an overwhelming vote of 75% in favor of the tax. These funds are restricted for street and bridge construction and maintenance as well as the equipment necessary to complete this work. During FY11, 29 projects were funded at a cost of \$654,594. Other projects totaling \$904,146 had been budgeted which included two large street projects totaling \$844,223 that will be completed during the next fiscal year. A balance of \$1,203,046 remains in the restricted fund for these future projects.
- In April 2005, 69% of voters approved the extension of a half-cent capital improvement tax. Certificates of Participation were issued in May 2006 for financing various City building projects. Projects completed with these funds include: expansion and remodel of the senior citizens center building, a new fire station, playground equipment for Butler Park, a new police station, a new city hall, and remodeled facility for the municipal court. Remodeling of the Civic Center began during FY10 and continued through FY11. This project will complete the 2006 COP projects. The tax also provides operating money for the civic center and the library, both of which were constructed with the original capital improvement tax.
- The City continues to seek grants to assist with improvements of facilities, infrastructure, equipment and City services. This fiscal year the City was awarded grants totaling more than \$1 million. Many areas of the City benefitted from these funds including the airport, transit system, police, fire, local task force and economic development.
- The City received an A issuer rating from Standard and Poor's in FY10. With this rating, Standard & Poor's affirmed an A- rating on the City's Series 2010 Taxable Certificates of Participation. This \$2,210,000 Taxable COP, Series 2010, was issued for the purposes of constructing a new elevated water storage tank and making other improvements to the waterworks system. During FY11 the water system was improved with installation of new high service pumps, paid with the bond issue. Also, the engineering, bidding process, land acquisition and initial work for the new elevated water storage tank occurred in FY11 with the completion of the projects targeted for FY12.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF WEST PLAINS, MISSOURI**  
**March 31, 2011**

***Using This Annual Report***

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

***Government-Wide Financial Statements***

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's net assets and changes in them. The City's net assets – the difference between assets and liabilities – are one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental Activities – Most of the City's basic services are reported here. Taxes are the primary source of financing for these activities.
- Business-Type Activities – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's utility services are provided here.

***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds and not the City as a whole. However, the City Council establishes many other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes and grants.

- Governmental Funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds are shown in a reconciliation following the fund financial statement.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF WEST PLAINS, MISSOURI**  
**March 31, 2011**

- Proprietary Funds – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities.

***Notes to the Basic Financial Statements***

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

***Government-Wide Financial Analysis***

**NET ASSETS**

The following table presents the condensed Statement of Net Assets for the City as of March 31, 2011 and 2010:

	Governmental Activities	Business-Type Activities	Total March 31, 2011	Total March 31, 2010
Current and other assets	\$ 7,259,348	\$ 19,605,795	\$ 26,865,143	\$ 26,647,838
Capital assets	39,011,962	45,672,801	84,684,763	84,984,754
TOTAL ASSETS	46,271,310	65,278,596	111,549,906	111,632,592
Other liabilities	2,082,482	2,802,439	4,884,921	4,645,611
Long-term liabilities	4,066,171	13,407,585	17,473,756	19,231,933
TOTAL LIABILITIES	6,148,653	16,210,024	22,358,677	23,877,544
Net assets:				
Invested in capital assets				
net of related debt	33,966,962	32,843,814	66,810,776	66,226,696
Restricted	3,102,648	2,410,399	5,513,047	5,237,699
Unrestricted	3,053,047	13,814,359	16,867,406	16,290,653
TOTAL NET ASSETS	\$ 40,122,657	\$ 49,068,572	\$ 89,191,229	\$ 87,755,048

Total net assets of the City increased by \$1,436,181 for the year due to current year activity. Total liabilities for the City have decreased by \$1.5 million. Restricted net assets of the City totaled \$5.5 million as of March 31, 2011. This amount represents monies that are restricted for debt service as well as for various projects within the City.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF WEST PLAINS, MISSOURI**  
**March 31, 2011**

**CHANGES IN NET ASSETS**

	Governmental Activities	Business-Type Activities	Total March 31, 2011	Total March 31, 2010
<b>REVENUES</b>				
Program Revenues				
Charges for services	\$ 1,699,768	\$ 20,507,144	\$ 22,206,912	\$ 21,917,100
Operating grants and contributions	430,680	-	430,680	375,786
Capital grants and contributions	900,960	-	900,960	1,233,496
General Revenues				
Sales taxes	5,770,256	-	5,770,256	5,721,906
Ad valorem taxes	649,067	-	649,067	637,511
Motor vehicle and gas taxes	417,164	-	417,164	405,647
Other taxes	150,833	-	150,833	138,200
Franchise taxes	2,127,295	-	2,127,295	1,898,176
Interest	71,009	178,113	249,122	249,293
Other revenue	13,154	18,000	31,154	97,392
TOTAL REVENUES	12,230,186	20,703,257	32,933,443	32,674,507
<b>EXPENSES</b>				
Administrative	939,302	-	939,302	1,048,874
Safety	14,365	-	14,365	14,987
Engineering	285,372	-	285,372	267,153
Building official	48,538	-	48,538	48,884
City attorney	115,980	-	115,980	116,601
Court	111,912	-	111,912	108,121
Police	1,625,608	-	1,625,608	1,579,962
Animal control	70,321	-	70,321	58,064
Emergency management	37,635	-	37,635	237,184
Public safety	16,621	-	16,621	12,297
Fire	784,261	-	784,261	772,259
Airport	515,813	-	515,813	421,786
Street	3,148,494	-	3,148,494	2,869,244
Cemetery	85,688	-	85,688	88,132
Construction	114,363	-	114,363	112,162
Shop	222,567	-	222,567	60,629
Health	23,008	-	23,008	21,387
City hall complex	476,251	-	476,251	429,029
City beautification	3,440	-	3,440	2,901
Economic development	346,128	-	346,128	117,897
Tourist development	125,401	-	125,401	113,241
Parks and recreation	870,738	-	870,738	780,256
Golf	319,848	-	319,848	283,662
Transit	177,336	-	177,336	159,642
Library	609,605	-	609,605	621,866
Civic center	696,133	-	696,133	776,266
Galloway park department	12,607	-	12,607	12,724
Senior citizens	31,355	-	31,355	55,052
Other	330,319	-	330,319	293,776
Debt service	12,192	-	12,192	12,192
Water	-	1,496,248	1,496,248	1,500,465
Sewer	-	1,379,766	1,379,766	1,406,948
Electric	-	14,509,532	14,509,532	12,459,199
Refuse	-	1,804,469	1,804,469	1,723,944
Storm water engineering	-	136,046	136,046	150,442
TOTAL EXPENSES	12,171,201	19,326,061	31,497,262	28,737,228
INCREASE IN NET ASSETS	\$ 58,985	\$ 1,377,196	\$ 1,436,181	\$ 3,937,279

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF WEST PLAINS, MISSOURI**  
**March 31, 2011**

***Governmental Activities***

Governmental activities increased the net assets of the City by \$58,985. Tax revenues for the City were \$9,114,615, which represents 75% of the funding of these activities. Program revenues for the functions totaled just \$3,031,408 or only 25% of the funding. The following table shows the cost of the City's ten largest programs as well as each programs' net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the taxpayers by each of these functions.

**NET COST OF THE CITY OF WEST PLAINS' TEN LARGEST  
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services	Net Cost of Services
Administration	\$ 939,302	\$ 572,975
Police	1,625,608	1,128,774
Fire	784,261	701,226
Airport	515,813	(32,903)
Street	3,148,494	3,061,171
City Hall Complex	476,251	476,251
Parks and Recreation	870,738	631,874
Library	609,605	533,431
Civic Center	696,133	367,560
Other Governmental Activities	2,504,996	1,699,434
	\$ 12,171,201	\$ 9,139,793

***Business-Type Activities***

Business-type activities increased the City's net assets by \$1,377,196. This is down from the increase received last year from the City's business-type activities. The increase in the prior year was \$3,179,343.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CITY OF WEST PLAINS, MISSOURI**  
**March 31, 2011**

***Financial Analysis of the City's Funds***

The combined fund balances of the City's governmental funds as of March 31, 2011, were \$6,134,311. The General Fund increased by \$527,930. The Tax Increment Financing #1 Fund decreased \$12,771. The Tax Increment Financing #2 Fund and the Tax Increment Financing #3 Fund did not change.

The Tax Increment Financing #1 Fund decreased as funds that had been reserved for a downtown sidewalk project were utilized for engineering and design of a Grizzly Way Sidewalk project to improvement pedestrian travel in the downtown area.

***General Fund Budgetary Highlights***

Differences between the original and the final amended budget can be summarized as follows:

- The original budget is prepared and approved prior to the beginning of the fiscal year. The budget is reviewed and amended each year at the mid-year mark and then as necessary. Department heads are given budget worksheets at the six-month period and asked to recommend changes to their budgeted expenditures as necessary. Administration reviews sales tax and other revenue sources to see if any budget amendments are required in estimated revenues. The changes are then compiled and reviewed by the City Administrator. The amended budget is prepared and cash flows are checked. The amended budget then goes to Council for approval by Ordinance in November of each year at a public meeting.
- The original General Fund revenue budget of \$11,021,232 increased to \$12,785,808. As sales tax declines leveled off and franchise tax fees were running ahead of schedule, budgeted increases in tax revenue accounted for \$275,000 of this change. An increase in budgeted sales of petroleum at the airport increased budgeted revenue by \$44,100 and approval of disaster relief from an ice storm that destroyed the City shop building accounted for \$165,000 of the change in revenue. The majority of the budgeted increase, \$1,263,639, is due to anticipated grant revenue for the City during the second half of the fiscal year.
- The original General Fund expense budget was amended upward from \$11,413,604 to \$12,982,416. This is an increase of \$1.57 million of which \$1.47 million can be contributed to expenses increased in connection with the grants and required matching funds that were budgeted to be received during the remainder of FY11.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CITY OF WEST PLAINS, MISSOURI  
March 31, 2011**

***Capital Asset and Debt Administration***

**Capital Assets**

Capital assets of the governmental activities were \$39 million (net of accumulated depreciation) as of March 31, 2011. This represents a \$1,540,661 decrease from the prior year due primarily to current year depreciation. Capital assets for business-type activities were \$45.7 million as of March 31, 2011. This represents an increase of \$1,240,670 from the prior year.

**Debt Administration**

Total debt of the governmental activities as of March 31, 2011, was \$5.2 million, which is down \$1,070,108 from the prior year. This is due to principal payments on certificates of participation.

Total debt of the business-type activities as of March 31, 2011, was \$14.2 million, a decrease of \$515,987 from the prior year. This is primarily due to principal payments of the City's revenue bonds.

***Economic Factors and Next Year's Budget***

A major concern of the City Council is always how to provide service to our citizens efficiently and economically within the expected revenue base. When estimating revenue flow for FY12, it was anticipated that the City sales tax would remain level with FY11 actual revenue. Large street projects have been budgeted which will reduce the restricted balance of the transportation tax account but will provide improved travel for citizens on major streets of the City. The Utility Fund will be completing the 2010 Series COP projects to improve the water system during FY12.

***Contacting the City's Financial Management***

For additional information or questions, please contact any of the following officers at:

City of West Plains  
1910 Holiday Lane, PO Box 710  
West Plains, Missouri 65775  
(417) 256-7176  
[finance@westplains.net](mailto:finance@westplains.net)

Royce Fugate, City Administrator  
Dixie Williams, Finance Director

CITY OF WEST PLAINS, MISSOURI  
STATEMENT OF NET ASSETS  
March 31, 2011

	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total	West Plains Public Library Foundation	South 160 Community Improvement District	63 ByPass Community Improvement District	Southern Hills Community Improvement District
<b>ASSETS</b>							
<b>Current</b>							
Cash and cash equivalents - unrestricted	\$ 1,834,580	\$ 8,980,282	\$ 10,814,862	\$ 17,740	\$ 52,606	\$ 5,093	\$ 780
Investments - unrestricted	-	3,000,000	3,000,000	329,619	-	-	-
Taxes receivable	1,026,324	-	1,026,324	-	-	-	-
Utilities receivable, net	-	1,773,713	1,773,713	-	-	-	-
Other accounts receivable	114,445	319,510	433,955	-	823	-	-
Court fines receivable, net	58,202	-	58,202	-	-	-	-
Intergovernmental receivable	482,397	-	482,397	-	-	-	-
Internal balances	3,988	(3,988)	-	-	-	-	-
Inventory	68,832	1,298,489	1,367,321	-	-	-	-
Prepaid expenses	83,770	42,463	126,233	-	-	-	-
<b>Noncurrent</b>							
Restricted cash and cash equivalents	2,463,642	2,750,053	5,213,695	-	-	-	-
Restricted investments	733,411	1,245,119	1,978,530	-	-	-	-
MODAG receivable	206,892	-	206,892	-	-	-	-
Deferred bond issuance costs	182,865	200,154	383,019	-	-	-	-
Capital Assets:							
Non-depreciable	6,423,291	1,921,377	8,344,668	-	-	-	-
Depreciable, net	32,588,671	43,751,424	76,340,095	-	3,119,424	196,062	1,484,940
<b>TOTAL ASSETS</b>	<b>46,271,310</b>	<b>65,278,596</b>	<b>111,549,906</b>	<b>347,359</b>	<b>3,172,853</b>	<b>201,155</b>	<b>1,485,720</b>
<b>LIABILITIES</b>							
<b>Current</b>							
Accounts payable	815,020	1,292,481	2,107,501	-	20,466	3,269	-
Accrued expenses	28,634	97,977	126,611	-	74,537	1,724	1,154
Accrued interest payable	83,828	118,629	202,457	-	-	-	-
Deposits payable	-	451,270	451,270	-	-	-	-
Bond anticipation notes payable	-	-	-	-	2,816,628	-	814,509
Current maturities of long-term debt	1,155,000	842,082	1,997,082	-	-	-	-
	2,082,482	2,802,439	4,884,921	-	2,911,631	4,993	815,663
<b>Noncurrent</b>							
Compensated absences payable	176,171	133,639	309,810	-	-	-	-
Certificates of participation	3,890,000	2,261,839	6,151,839	-	-	-	-
Lease payable	-	153,538	153,538	-	-	-	-
Revenue bonds payable	-	10,858,569	10,858,569	-	-	-	-
	4,066,171	13,407,585	17,473,756	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>6,148,653</b>	<b>16,210,024</b>	<b>22,358,677</b>	<b>-</b>	<b>2,911,631</b>	<b>4,993</b>	<b>815,663</b>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	33,966,962	32,843,814	66,810,776	-	302,796	196,062	1,484,940
Restricted	3,102,648	2,410,399	5,513,047	-	-	-	-
Unrestricted	3,053,047	13,814,359	16,867,406	347,359	(41,574)	100	(814,883)
<b>TOTAL NET ASSETS</b>	<b>\$ 40,122,657</b>	<b>\$ 49,068,572</b>	<b>\$ 89,191,229</b>	<b>\$ 347,359</b>	<b>\$ 261,222</b>	<b>\$ 196,162</b>	<b>\$ 670,057</b>

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI  
STATEMENT OF ACTIVITIES  
Year Ended March 31, 2011

Functions/Programs	Net (Expenses), Revenues and Changes in Net Assets										
	Program Revenues				Primary Government			Component Units			
	Expenses	Charges	Operating	Capital	Governmental	Business-Type	Total	West Plains	South 160	63 ByPass	Southern Hills
		for	Grants and	Grants and				Public	Community	Community	Community
	Services	Contributions	Contributions	Activities	Activities		Library	Improvement	Improvement	Improvement	
							Foundation	District	District	District	
Primary Government											
Governmental activities											
Administrative	\$ (939,302)	\$ 88,734	\$ -	\$ 277,593	\$ (572,975)	\$ -	\$ (572,975)	\$ -	\$ -	\$ -	\$ -
Safety	(14,365)	-	-	-	(14,365)	-	(14,365)	-	-	-	-
Engineering	(285,372)	-	-	-	(285,372)	-	(285,372)	-	-	-	-
Building official	(48,538)	28,887	-	-	(19,651)	-	(19,651)	-	-	-	-
City attorney	(115,980)	-	-	-	(115,980)	-	(115,980)	-	-	-	-
Court	(111,912)	-	-	-	(111,912)	-	(111,912)	-	-	-	-
Police	(1,625,608)	260,441	236,393	-	(1,128,774)	-	(1,128,774)	-	-	-	-
Animal control	(70,321)	6,150	-	-	(64,171)	-	(64,171)	-	-	-	-
Emergency management	(37,635)	-	15,856	-	(21,779)	-	(21,779)	-	-	-	-
Public safety	(16,621)	-	-	-	(16,621)	-	(16,621)	-	-	-	-
Fire	(784,261)	-	66,839	16,196	(701,226)	-	(701,226)	-	-	-	-
Airport	(515,813)	438,063	200	110,453	32,903	-	32,903	-	-	-	-
Street	(3,148,494)	2,271	-	85,052	(3,061,171)	-	(3,061,171)	-	-	-	-
Cemetery	(85,688)	24,455	-	-	(61,233)	-	(61,233)	-	-	-	-
Construction	(114,363)	-	-	-	(114,363)	-	(114,363)	-	-	-	-
Shop	(222,567)	-	-	-	(222,567)	-	(222,567)	-	-	-	-
Health	(23,008)	606	-	-	(22,402)	-	(22,402)	-	-	-	-
City hall complex	(476,251)	-	-	-	(476,251)	-	(476,251)	-	-	-	-
City beautification	(3,440)	-	-	-	(3,440)	-	(3,440)	-	-	-	-
Economic development	(346,128)	-	-	401,389	55,261	-	55,261	-	-	-	-
Tourist development	(125,401)	13,667	422	-	(111,312)	-	(111,312)	-	-	-	-
Parks and recreation	(870,738)	226,558	12,306	-	(631,874)	-	(631,874)	-	-	-	-
Golf	(319,848)	207,972	-	-	(111,876)	-	(111,876)	-	-	-	-
Transit	(177,336)	29,846	75,038	-	(72,452)	-	(72,452)	-	-	-	-
Library	(609,605)	43,545	22,352	10,277	(533,431)	-	(533,431)	-	-	-	-
Civic center	(696,133)	328,573	-	-	(367,560)	-	(367,560)	-	-	-	-
Galloway park department	(12,607)	-	1,274	-	(11,333)	-	(11,333)	-	-	-	-
Senior citizens	(31,355)	-	-	-	(31,355)	-	(31,355)	-	-	-	-
Other	(330,319)	-	-	-	(330,319)	-	(330,319)	-	-	-	-
Debt service	(12,192)	-	-	-	(12,192)	-	(12,192)	-	-	-	-
<b>TOTAL GOVERNMENTAL</b>											
<b>ACTIVITIES</b>	<b>(12,171,201)</b>	<b>1,699,768</b>	<b>430,680</b>	<b>900,960</b>	<b>(9,139,793)</b>	<b>-</b>	<b>(9,139,793)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI  
 STATEMENT OF ACTIVITIES (CONTINUED)  
 Year Ended March 31, 2011

Functions/Programs	Net (Expenses), Revenues and Changes in Net Assets										
	Program Revenues			Primary Government			Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	West Plains Public Library Foundation	South 160 Community Improvement District	63 ByPass Community Improvement District	Southern Hills Community Improvement District
Primary Government											
Business-Type Activities											
Water	(1,496,248)	2,104,214	-	-	-	607,966	607,966	-	-	-	-
Sewer	(1,379,766)	1,724,300	-	-	-	344,534	344,534	-	-	-	-
Electric	(14,509,532)	14,571,311	-	-	-	61,779	61,779	-	-	-	-
Refuse	(1,804,469)	1,922,632	-	-	-	118,163	118,163	-	-	-	-
Storm water engineering	(136,046)	184,687	-	-	-	48,641	48,641	-	-	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	(19,326,061)	20,507,144	-	-	-	1,181,083	1,181,083	-	-	-	-
TOTAL PRIMARY GOVERNMENT	<u>\$ (31,497,262)</u>	<u>\$ 22,206,912</u>	<u>\$ 430,680</u>	<u>\$ 900,960</u>	(9,139,793)	1,181,083	(7,958,710)	-	-	-	-
Component Units											
West Plains Public Library Foundation	\$ (4,595)	\$ -	\$ 9,118	\$ -				4,523	-	-	-
South 160 Community Improvement District	(226,860)	-	-	-				-	(226,860)	-	-
63 ByPass Community Improvement District	(3,364)	-	-	-				-	-	(3,364)	-
Southern Hills Community Improvement District	(29,467)	-	-	-				-	-	-	(29,467)
TOTAL COMPONENT UNITS	<u>\$ (264,286)</u>	<u>\$ -</u>	<u>\$ 9,118</u>	<u>\$ -</u>				4,523	(226,860)	(3,364)	(29,467)
General Revenues:											
Sales taxes					5,770,256	-	5,770,256	-	245,071	21,711	529,222
Ad valorem taxes					649,067	-	649,067	-	-	-	-
Motor vehicle and gas taxes					417,164	-	417,164	-	-	-	-
Other taxes					150,833	-	150,833	-	-	-	-
Franchise taxes					2,127,295	-	2,127,295	-	-	-	-
Interest					71,009	178,113	249,122	5,992	-	-	-
Other revenue					13,154	18,000	31,154	20,858	-	-	-
Total General Revenues					<u>9,198,778</u>	<u>196,113</u>	<u>9,394,891</u>	<u>26,850</u>	<u>245,071</u>	<u>21,711</u>	<u>529,222</u>
Changes in Net Assets					58,985	1,377,196	1,436,181	31,373	18,211	18,347	499,755
Net Assets, Beginning of year					<u>40,063,672</u>	<u>47,691,376</u>	<u>87,755,048</u>	<u>315,986</u>	<u>243,011</u>	<u>177,815</u>	<u>170,302</u>
Net Assets, End of year					<u>\$ 40,122,657</u>	<u>\$ 49,068,572</u>	<u>\$ 89,191,229</u>	<u>\$ 347,359</u>	<u>\$ 261,222</u>	<u>\$ 196,162</u>	<u>\$ 670,057</u>

See accompanying notes.



CITY OF WEST PLAINS, MISSOURI  
BALANCE SHEET – GOVERNMENTAL FUNDS  
March 31, 2011

	General Fund	Tax Increment Financing #1 Fund	Tax Increment Financing #2 Fund	Tax Increment Financing #3 Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,834,580	\$ -	\$ -	\$ -	\$ 1,834,580
Taxes receivable	1,026,324	-	-	-	1,026,324
Other accounts receivable	114,445	-	-	-	114,445
Court fines receivable	58,202	-	-	-	58,202
Intergovernmental receivable	482,397	-	-	-	482,397
Due from other funds	2,216	1,772	-	-	3,988
Inventory	68,832	-	-	-	68,832
Prepaid expenses	83,770	-	-	-	83,770
MODAG receivable	206,892	-	-	-	206,892
Restricted cash and cash equivalents	2,191,614	237,752	-	34,276	2,463,642
Restricted investments	733,411	-	-	-	733,411
<b>TOTAL ASSETS</b>	<b>\$ 6,802,683</b>	<b>\$ 239,524</b>	<b>\$ -</b>	<b>\$ 34,276</b>	<b>\$ 7,076,483</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 780,744	\$ -	\$ -	\$ 34,276	\$ 815,020
Accrued expenses	28,634	-	-	-	28,634
Deferred revenue	98,518	-	-	-	98,518
<b>TOTAL LIABILITIES</b>	<b>907,896</b>	<b>-</b>	<b>-</b>	<b>34,276</b>	<b>942,172</b>
<b>Fund Balances</b>					
<b>Reserved reported in:</b>					
General Fund	2,925,025	-	-	-	2,925,025
Special Revenue Funds	-	239,524	-	-	239,524
<b>Unreserved, reported in:</b>					
General Fund	2,969,762	-	-	-	2,969,762
<b>TOTAL FUND BALANCES</b>	<b>5,894,787</b>	<b>239,524</b>	<b>-</b>	<b>-</b>	<b>6,134,311</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,802,683</b>	<b>\$ 239,524</b>	<b>\$ -</b>	<b>\$ 34,276</b>	<b>\$ 7,076,483</b>

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF  
 NET ASSETS  
 March 31, 2011

Fund balance - total governmental funds	\$ 6,134,311
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	92,503,057
Less accumulated depreciation	<u>(53,491,095)</u>
	39,011,962
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(83,828)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(5,221,171)
Unamortized issuance costs on certificates of participation	182,865
Adjustment of deferred revenue	<u>98,518</u>
Net assets of governmental activities	<u><u>\$ 40,122,657</u></u>

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL  
 FUNDS

Year Ended March 31, 2011

	General Fund	Tax Increment Financing #1 Fund	Tax Increment Financing #2 Fund	Tax Increment Financing #3 Fund	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 8,798,125	\$ 24,055	\$ 202,998	\$ 89,437	\$ 9,114,615
Licenses and permits	73,024	-	-	-	73,024
Intergovernmental revenues	1,301,201	-	-	-	1,301,201
Charges for services	1,596,101	-	-	-	1,596,101
Miscellaneous	133,965	1,058	-	-	135,023
<b>TOTAL REVENUES</b>	<b>11,902,416</b>	<b>25,113</b>	<b>202,998</b>	<b>89,437</b>	<b>12,219,964</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
Administrative	2,011,205	-	-	-	2,011,205
Safety	14,365	-	-	-	14,365
Engineering	269,100	-	-	-	269,100
Building official	48,538	-	-	-	48,538
City attorney	115,980	-	-	-	115,980
Court	112,177	-	-	-	112,177
Police	1,591,228	-	-	-	1,591,228
Animal control	58,346	-	-	-	58,346
Emergency management	37,635	-	-	-	37,635
Fire	748,945	-	-	-	748,945
Airport	598,221	-	-	-	598,221
Street	1,999,258	-	-	-	1,999,258
Cemetery	82,068	-	-	-	82,068
Construction	114,893	-	-	-	114,893
Shop	55,158	-	-	-	55,158
Health	23,008	-	-	-	23,008
City hall complex	373,165	-	-	-	373,165
City beautification	3,440	-	-	-	3,440
Economic development	346,128	-	-	-	346,128
Tourist development	121,446	-	-	-	121,446
Parks and recreation	667,338	-	-	-	667,338
Golf	314,669	-	-	-	314,669
Transit	156,031	-	-	-	156,031
Library	553,969	-	-	-	553,969
Civic center	914,213	-	-	-	914,213
Galloway park department	12,607	-	-	-	12,607
Senior citizens	31,355	-	-	-	31,355
Other	-	37,884	202,998	89,437	330,319
<b>TOTAL EXPENDITURES</b>	<b>11,374,486</b>	<b>37,884</b>	<b>202,998</b>	<b>89,437</b>	<b>11,704,805</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>527,930</b>	<b>(12,771)</b>	<b>-</b>	<b>-</b>	<b>515,159</b>
<b>FUND BALANCE, April 1</b>	<b>5,366,857</b>	<b>252,295</b>	<b>-</b>	<b>-</b>	<b>5,619,152</b>
<b>FUND BALANCE, March 31</b>	<b>\$ 5,894,787</b>	<b>\$ 239,524</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,134,311</b>

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND  
 BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 Year Ended March 31, 2011

Net change in fund balances - total governmental funds	\$ 515,159
Amounts reported for governmental activities in the statement of activities are different because:	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense. The following is the detail of the amount by which depreciation exceeded capital outlay for the year.</p>	
Capital outlay	1,870,347
Depreciation	(3,411,008)
	<u>(1,540,661)</u>
Some revenues reported in the governmental funds represent current financial resources and were recognized in the statement of activities when earned.	10,222
<p>The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding debt whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net affect of these differences.</p>	
Repayment of principal on COPs and leases	1,075,000
Amortization of COP issuance costs	(12,192)
Accrued interest payable	16,349
	<u>1,079,157</u>
Some expenditures reported in the governmental funds represent the use of current financial resources and were recognized in the statement of activities when incurred.	<u>(4,892)</u>
Change in net assets of governmental activities	<u><u>\$ 58,985</u></u>

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI  
STATEMENT OF NET ASSETS – ENTERPRISE FUND  
March 31, 2011

	Utility Fund	
	March 31,	
	2011	2010
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 8,980,282	\$ 9,338,200
Investments	3,000,000	2,245,000
Utilities receivable, net	1,773,713	1,697,902
Other accounts receivable	319,510	352,284
Inventory	1,298,489	1,331,613
Prepaid expenses	42,463	63,005
TOTAL CURRENT ASSETS	15,414,457	15,028,004
Restricted Assets		
Cash and cash equivalents	2,750,053	3,534,341
Investments	1,245,119	1,243,044
Deferred Debt Issuance Costs	200,154	208,416
Property, Plant and Equipment	68,713,578	65,766,051
Less accumulated depreciation	(23,040,777)	(21,333,920)
TOTAL PROPERTY, PLANT AND EQUIPMENT	45,672,801	44,432,131
TOTAL ASSETS	65,282,584	64,445,936
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	1,292,481	1,323,761
Accrued expenses	97,977	87,522
Accrued interest payable	118,629	116,824
Internal balances	3,988	19,352
Meter deposits payable	451,270	441,447
Current maturities of long-term debt	842,082	750,000
TOTAL CURRENT LIABILITIES	2,806,427	2,738,906
Long-Term Liabilities		
Revenue bonds payable	10,858,569	11,631,426
Certificates of participation payable	2,261,839	2,264,567
Lease payable	153,538	-
Compensated absences payable	133,639	119,661
TOTAL LONG-TERM LIABILITIES	13,407,585	14,015,654
TOTAL LIABILITIES	16,214,012	16,754,560
Net Assets		
Invested in capital assets, net of related debt	32,843,814	31,794,073
Restricted	2,410,399	2,328,003
Unrestricted	13,814,359	13,569,300
TOTAL NET ASSETS	\$ 49,068,572	\$ 47,691,376

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – ENTERPRISE FUND  
 Year Ended March 31, 2011

	Year Ended March 31,	
	2011	2010
<b>OPERATING REVENUES</b>		
Charges for services		
Electric	\$ 14,571,311	\$ 14,716,473
Water	2,104,214	1,836,442
Sewer	1,724,300	1,651,154
Refuse	1,922,632	1,846,796
Stormwater	184,687	185,323
<b>TOTAL OPERATING REVENUES</b>	<b>20,507,144</b>	<b>20,236,188</b>
<b>OPERATING EXPENSES</b>		
Electric		
Wages and benefits	599,381	535,250
Franchise fees	1,430,524	1,350,155
Engineering	20,740	24,905
Purchased power	9,962,642	7,778,904
Utilities	5,377	5,203
Other operating expenses	629,657	926,646
Depreciation	850,171	839,026
Water		
Wages and benefits	333,370	324,953
Engineering	50	3,478
Utilities	148,163	140,598
Other operating expenses	192,127	204,487
Depreciation	433,677	442,676
Sewer		
Wages and benefits	410,243	389,324
Utilities	94,815	94,803
Other operating expenses	114,310	172,722
Depreciation	371,537	365,826
Refuse		
Wages and benefits	724,862	676,428
Landfill service	494,107	507,548
Refuse utilities	15,078	14,714
Other operating expenses	306,372	260,119
Depreciation	166,835	169,067
Engineering		
Wages and benefits	116,945	110,188
Other operating expenses	220	180
Depreciation	1,414	2,938
Shop		
Wages and benefits	49,204	48,097
Depreciation	1,299	2,426

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – ENTERPRISE FUND  
(CONTINUED)  
Year Ended March 31, 2011

	Year Ended March 31,	
	2011	2010
Storm Water Engineering		
Wages and benefits	63,127	62,848
Contracted services	-	18,000
Other operating expenses	12,019	11,738
Depreciation	2,570	214
Administration and Warehouse		
Wages and benefits	610,985	578,533
Insurance	191,983	270,127
Utilities	61,958	61,499
Other operating expenses	221,371	204,262
Depreciation	6,176	5,537
TOTAL OPERATING EXPENSES	<u>18,643,309</u>	<u>16,603,419</u>
OPERATING INCOME	1,863,835	3,632,769
NONOPERATING REVENUES (EXPENSES)		
Interest income	178,113	178,311
Other revenue	18,000	5,842
Interest expense	(670,625)	(625,906)
Loss on disposal of equipment	(12,127)	(11,673)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(486,639)</u>	<u>(453,426)</u>
NET INCOME	1,377,196	3,179,343
NET ASSETS, April 1	<u>47,691,376</u>	<u>44,512,033</u>
NET ASSETS, March 31	<u>\$ 49,068,572</u>	<u>\$ 47,691,376</u>

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI  
STATEMENT OF CASH FLOWS – ENTERPRISE FUND  
Year Ended March 31, 2011

	Utility Fund	
	Year Ended March 31,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 20,473,930	\$ 20,212,920
Cash paid to suppliers	(13,879,127)	(11,288,974)
Cash paid to employees	(2,883,684)	(2,697,562)
Other cash received for nonoperating revenues	5,873	(5,831)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,716,992</b>	<b>6,220,553</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayment of loans (to) from other funds	(15,364)	(58,971)
<b>NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(15,364)</b>	<b>(58,971)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(3,074,349)	(894,847)
Proceeds from certificates of participation	-	2,264,567
Proceeds from lease	153,538	-
Payment of principal on long-term debt	(683,503)	(692,857)
Payment of interest expense	(660,558)	(683,644)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(4,264,872)</b>	<b>(6,781)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	178,113	178,311
Purchase of investments	(757,075)	(2,248,083)
<b>NET CASH (USED) BY INVESTING ACTIVITIES</b>	<b>(578,962)</b>	<b>(2,069,772)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,142,206)</b>	<b>4,085,029</b>
CASH AND CASH EQUIVALENTS, Beginning of year	12,872,541	8,787,512
CASH AND CASH EQUIVALENTS, End of year	11,730,335	12,872,541
LESS RESTRICTED CASH AND CASH EQUIVALENTS	2,750,053	3,534,341
<b>UNRESTRICTED CASH AND CASH EQUIVALENTS</b>	<b>\$ 8,980,282</b>	<b>\$ 9,338,200</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 1,863,835	\$ 3,632,769
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,833,679	1,827,710
(Increase) decrease in:		
Receivables	(43,037)	(41,013)
Inventory	33,124	(11,206)
Prepaid expenses	20,542	16,597
Increase (decrease) in:		
Accounts payable	(31,280)	755,723
Compensated absences payable	13,978	(2,658)
Accrued expenses	10,455	30,717
Meter deposits payable	9,823	17,745
Other cash (paid) received for nonoperating revenues	5,873	(5,831)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 3,716,992</b>	<b>\$ 6,220,553</b>

See accompanying notes.



## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City operates under a Council/City Administrator form of government. The City provides the following services as authorized by its charter: public safety (police and fire), streets, culture-recreation, public improvements, planning, and general administrative services. Other services include water, sewer, electric, and refuse operations.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governments. In accordance with GASB-20 (Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting), the proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements, Accounting Principles Board (APB) opinions and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989, except those pronouncements that conflict with or contradict GASB pronouncements, in which case, GASB prevails. The following is a summary of the more significant policies.

### Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a financial burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City is a primary government, which is governed by an elected board. As required by accounting principles generally accepted in the United States of America, the City has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Component Units

**West Plains Public Library Foundation**

The West Plains Public Library Foundation, which is governed by an appointed Board of Directors, provides support for the West Plains Public Library. The West Plains Public Library Foundation is included in the financial statements of the City as a component unit due to its financial relationship with the City.

**South 160 Community Improvement District**

Approved in 2005, the South 160 Community Improvement District, which is governed by a Board of Directors, provides support for financing improvements in the South 160 District. The formation of the District allows for the authorization of an additional 1% sales tax to make public improvements that will benefit the District and the City as a whole. This 1% sales tax was approved by the voters within the District and became effective October 2006. This District is an overlay for a Tax Increment Financing area.

**63 By-Pass Community Improvement District**

Approved in 2006, the 63 By-Pass Community Improvement District, which is governed by a Board of Directors, provides support for financing improvements in the 63 By-Pass District. The formation of the District allows for the authorization of an additional 1% sales tax to make public improvements that will benefit the District and the City as a whole. This 1% sales tax was approved by the voters within the District and became effective July 2007. This District is an overlay for a Tax Increment Financing area.

**Southern Hills Community Improvement District**

Approved in 2008, the Southern Hills Community Improvement District, which is governed by a Board of Directors, provides support for financing improvements in the Southern Hills Community District. The formation of the District allows for the authorization of an additional ½% sales tax to make public improvements that will benefit the District and the City as a whole. This ½% sales tax was approved by the voters within the District and became effective in October 2009.

Government-Wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Assets and the Statement of Activities) and fund financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended March 31, 2010, from which the summarized information was derived.

*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

The government-wide statements display information about the government as a whole. Interfund activity has been eliminated from these statements to minimize the duplication of internal activities. Governmental activities, which are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services for support.

In the government-wide Statement of Net Assets, both the governmental and business-type activities are consolidated and presented on the full accrual, economic resources basis of accounting. The consolidated presentation incorporates long-term assets and receivables as well as long-term debt and obligations, and it provides information to improve analysis and comparability.

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function of the City's governmental and business-type activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include charges for goods or services offered by the programs and grants and contributions that are restricted to meet operating and capital expenses of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*FUND FINANCIAL STATEMENTS*

Separate fund financial statements report information on the City's governmental and proprietary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Conversely, the proprietary fund statements incorporate the accrual basis of accounting and focus on the change in total economic resources. This presentation records long-term assets and liabilities, and recognizes revenues and expenses when transactions occur, regardless of their impact on the flow of cash. Since the accounting differs significantly between the governmental funds and the proprietary funds, it is necessary to convert the governmental fund data to arrive at the government-wide financial statements. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major governmental funds:

General Fund: The General 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.

Tax Increment Financing #1 Fund: The Tax Increment Financing #1 Fund is used to account for resources restricted for debt service.

Tax Increment Financing #2 Fund: The Tax Increment Financing #2 Fund is used to account for resources restricted for debt service.

Tax Increment Financing #3 Fund: The Tax Increment Financing #3 Fund is used to account for resources restricted for debt service.

The City reports the following major proprietary fund:

Utility Fund: The Utility Fund accounts for the activities and capital improvements of the City's water, sewer, electric and sanitation operations.

Capital Assets

Capital assets include land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, storm sewers, and similar items) and are included in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, excluding land, are defined by the City as assets with a cost of \$5,000 or greater and an estimated useful life of at least five years. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In conformity with GASB 34, infrastructure, such as streets and storm sewers, has been capitalized. Additionally, the City elected to depreciate its infrastructure assets. Depreciation is provided in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Electric plant	20 - 40 years
Water and sewer systems	20 - 100 years
Structures and improvements	15 - 35 years
Machinery and equipment	5 - 15 years
Infrastructure	5 - 50 years
Vehicles	5 - 7 years

Expenditures for maintenance and repairs are charged to expense; renewals and betterments are capitalized.

Pooled Cash And Cash Equivalents

The City pools cash resources of its various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash account is available to meet current operating requirements.

Unreserved Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the average cost method. Inventory usage is recognized on the consumption method.

Revenue Recognition – Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are due and payable at that time. All unpaid taxes levied November 1 become delinquent after March 31 of that year.

Compensated Absences

Employees earn vacation time based on the number of year's service to the City. Outstanding vacation leave is payable upon termination of employment. Compensated absences are recorded as a liability in the Statement of Net Assets.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Interest Capitalization

Interest expense that relates to the cost of acquiring or constructing fixed assets in the Enterprise Funds is capitalized. Interest expense incurred in connection with construction of capital assets has been reduced by interest earned on the investment of funds borrowed for construction in accordance with FASB Accounting Standards Codification Topic No. 835-20-30 – *The Amount Interest Cost to be Capitalized in Situations Involving Certain Tax Exempt Borrowings and Certain Gifts and Grants*. There was no interest capitalized during the current fiscal year.

Net Assets

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

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

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

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

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the City first applies restricted net assets.

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2011

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the City’s deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of March 31, 2011, all bank balances on deposit are entirely insured or collateralized.

The City of West Plains maintains a cash pool that is available for use by all government funds.

NOTE C – INVESTMENTS

**Primary Government**

Investments of the City as of March 31, 2011, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit	6/20/2011 - 9/18/2014	\$ 4,900,342
Guaranteed Investment Contracts	1/1/2019 - 7/1/2021	65,776
U.S. Treasury Notes (SLGS) held by United Missouri Bank Corporate Trust Services	7/1/2020	485
Fidelity Treasury Fund	N/A	<u>11,927</u>
		<u>\$ 4,978,530</u>

Certificates of Deposit

Certificates of deposit are classified as investments but are considered deposits for custodial risk determination. State statutes require that the City’s deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of March 31, 2011, all certificates of deposit are entirely insured or collateralized with securities.

NOTE C – INVESTMENTS (continued)

Fidelity Treasury Fund

The City has Fidelity Treasury funds on deposit with United Missouri Bank, which are rated AAAm by Standard and Poor's. Fair market value approximates cost as the City has a pro-rata share of the fund. These deposits are held in a trust account for the 1996B Wastewater System Revenue Bonds rebate account.

Guaranteed Investment Contracts

The City has Guaranteed Investment Contracts on deposit with United Missouri Bank. Fair market value approximates cost as the city has a pro-rata share of the fund. These deposits are held in a trust account for the 1996B Wastewater System Revenue Bonds principal and interest accounts. The City's funds are invested under the State Revolving Fund Program and are required to be collateralized in the amount of 105% of the value of the investment.

U.S. Treasury Notes (SLGS)

City investments in U.S. Treasury Notes (SLGS) are from the 1996B bond issue. These investments are held in an irrevocable trust account with United Missouri Bank. The funds are invested in accordance with Section 165.051 of the Missouri Revised Statutes. Fair market value approximates cost.

**West Plains Public Library Foundation**

The West Plains Public Library Foundation has \$329,619 invested with the Community Foundation of the Ozarks' pooled investment fund. Fair market value approximates cost as the foundation has a pro-rata share of the fund.



CITY OF WEST PLAINS, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2011

NOTE D – RESTRICTED ASSETS

Cash and net assets have been restricted in the following funds and activities as follows:

<b>General Fund</b>	Restricted Cash and Investments	Restricted Net Assets	Reserved Fund Balance
MODAG grant funds	\$ 47,105	\$ 47,105	\$ 47,105
Cemetery perpetual care	126,785	126,785	126,785
Galloway park donations	550	550	550
Capital projects	500,000	500,000	500,000
Canine unit donations	2,196	2,196	2,196
DARE donations	1,692	1,692	1,692
Police seized funds	10,183	10,183	10,183
Court bonds	3,108	3,108	3,108
Federal equity sharing	729	729	729
Cemetery capital	26,183	26,183	26,183
EDA grant	78,476	78,476	78,476
Fire alarms	1,559	1,559	1,559
Transportation tax	1,203,046	1,203,046	1,203,046
Capital improvement tax	90,418	90,418	90,418
Library	2,380	2,380	2,380
2006 COP reserves	768,714	768,714	768,714
2006 COP proceeds	61,901	-	61,901
	<u>\$ 2,925,025</u>	<u>\$ 2,863,124</u>	<u>\$ 2,925,025</u>

<b>Special Revenue Funds</b>	Restricted Cash and Investments	Reserved Fund Balance/ Restricted Net Assets
Reserved/restricted for debt service	\$ 272,028	\$ 239,524
<b>Enterprise Fund</b>		
2004 bond reserves	\$ 1,278,666	\$ 1,278,666
1996 bond reserves	90,688	90,688
2000 bond reserves	798,844	798,844
2010 bond reserves	1,345,657	212,154
Service deposits	451,270	-
Landfill closure	30,047	30,047
	<u>\$ 3,995,172</u>	<u>\$ 2,410,399</u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2011

NOTE E – ACCOUNTS RECEIVABLE

Utilities receivable is presented net of an allowance for doubtful accounts as follows:

	<u>Gross Receivable</u>	<u>Allowance</u>	<u>Net Receivable</u>
UTILITIES RECEIVABLE			
Enterprise Fund	<u>\$ 2,629,862</u>	<u>\$ 856,149</u>	<u>\$ 1,773,713</u>

Court fines receivable is presented net of an allowance for doubtful accounts as follows:

	<u>Gross Receivable</u>	<u>Allowance</u>	<u>Net Receivable</u>
COURT FINES RECEIVABLE			
General Fund	<u>\$ 116,954</u>	<u>\$ 58,752</u>	<u>\$ 58,202</u>

NOTE F – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN

The assessed valuation of the tangible property and the tax levy per \$100 assessed valuation of that property were as follows:

Assessed Valuation	<u>2010</u>
Real estate	\$ 95,906,198
Personal property	<u>32,483,930</u>
TOTAL	<u>\$ 128,390,128</u>
Tax Rate Per \$100 of Assessed Valuation	<u>2010</u>
General Fund	\$ .2971
Library Fund	<u>.2000</u>
	<u>\$ .4971</u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2011

NOTE F – ASSESSED VALUATION, TAX LEVY, AND LEGAL DEBT MARGIN (continued)

The legal debt margin at March 31, 2011, was computed as follows:

	<u>General Obligation Bonds</u>		
	<u>Ordinary (1)</u>	<u>Additional (2)</u>	<u>Total</u>
Constitutional Debt Limit	\$ 12,839,013	\$ 12,839,013	\$ 25,678,026
General Obligation Bonds Payable	-	-	-
<b>LEGAL DEBT MARGIN</b>	<u>\$ 12,839,013</u>	<u>\$ 12,839,013</u>	<u>\$ 25,678,025</u>

(1) Under Article VI, Section 26(b) and (c), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may incur an indebtedness for any purposes authorized in the charter of the City or by any general law of the State of Missouri. The borrowings authorized by this section shall not exceed ten percent of the value of the taxable tangible property in the City.

(2) Under Article VI, Section 26(d) and (e), Missouri Constitution, the City, by a vote of its qualified electors voting therein, may become indebted not exceeding in the aggregate an additional ten percent for the purpose of acquiring rights-of-way, construction, extending, and improving streets and avenues, and/or sanitary or storm sewer systems; and purchasing or constructing waterworks, electric or other light plants, provided that the total general obligation indebtedness of the City does not exceed twenty percent of the value of the taxable tangible property in the City.

NOTE G – MODAG RECEIVABLE

Receivables due from MODAG awarded to the City in prior years consisted of:

	<u>Interest Rate</u>	<u>Annual Payment</u>	<u>Total Due</u>
West Plains Industrial Development Corporation	3%	\$ 7,500	\$ 78,325
West Plains Industrial Development Corporation	5%	14,500	26,009
West Plains Industrial Development Corporation	5%	19,319	65,687
West Plains Industrial Development Corporation	5%	10,228	36,871
			<u>\$ 206,892</u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2011

NOTE H – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES

Long-term debt in the Enterprise Fund consists of 1996B Sewerage System Revenue Bonds, 2004 Sewer System Revenue Bonds, 2006 Waterworks System Revenue Refunding Bonds, 2010 Certificates of Participation, an equipment lease, and Compensated Absences.

1996B Wastewater System Revenue Bonds:

In December 1996, the City entered into an agreement with the Missouri Leveraged State Water Pollution Control Revolving Fund Program to sell \$2,587,000 in Wastewater System Revenue Bonds, Series 1996B. The bonds bear interest at 4.05% to 6.0%. The interest paid is offset by an interest subsidy from the state of Missouri's 50% bond reserves, which earn interest at 1.30%. Interest payments are due semi-annually on January 1 and July 1 of each year with annual principal payments due January 1 of each year. The bonds also require an administrative fee payable annually on January 1 of each year at .714% of the outstanding principal balance.

The annual debt service requirements to amortize the principal on the 1996B revenue bonds outstanding at March 31, 2011, are listed in the following table:

Year Ended March 31,	Principal	Interest	Administrative Fee	Total
2012	\$ 150,000	\$ 64,110	\$ 8,675	\$ 222,785
2013	155,000	56,160	7,604	218,764
2014	165,000	47,945	6,497	219,442
2015	175,000	39,200	5,319	219,519
2016	180,000	29,925	4,070	213,995
2017	190,000	20,475	2,785	213,260
2018	200,000	10,500	1,428	211,928
	<u>\$ 1,215,000</u>	<u>\$ 268,315</u>	<u>\$ 36,378</u>	<u>\$ 1,519,693</u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2011

NOTE H – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

2004 Sewer System Revenue Bonds:

In August 2004, the City issued \$7,940,000 in Sewer System Revenue Bonds, Series 2004. The bonds bear interest at 1.6% to 5.125%. Interest payments are due semi-annually on July 1 and January 1 of each year with annual principal payments due July 1 of each year.

The annual debt service requirements to amortize the principal on the 2004 revenue bonds outstanding at March 31, 2011, are listed in the following table:

<u>Year Ended March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 315,000	\$ 267,026	\$ 582,026
2013	325,000	256,223	581,223
2014	335,000	244,503	579,503
2015	345,000	231,834	576,834
2016	360,000	218,349	578,349
2017	375,000	203,919	578,919
2018	390,000	188,521	578,521
2019	405,000	172,119	577,119
2020	420,000	154,584	574,584
2021	440,000	136,094	576,094
2022	460,000	116,514	576,514
2023	480,000	94,394	574,394
2024	505,000	69,769	574,769
2025	1,115,000	28,570	1,143,570
	<u>\$ 6,270,000</u>	<u>\$ 2,382,419</u>	<u>\$ 8,652,419</u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2011

NOTE H – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

2006 Waterworks System Refunding Revenue Bonds:

On May 1, 2006, the City issued \$5,790,000 in Series 2006 Waterworks System Revenue Bonds for the purpose of refunding the Series 2000 Waterworks System Revenue Bonds. The bonds bear interest at various rates ranging from 4.0% to 4.45% with principal payments due March 1 and interest payments due March 1 and September 1 each year.

The annual debt service requirements to amortize the principal on the 2006 revenue bonds outstanding at March 31, 2011, are listed in the following table:

<u>Year Ended March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 330,000	\$ 186,460	\$ 516,460
2013	350,000	173,260	523,260
2014	375,000	159,260	534,260
2015	395,000	144,073	539,073
2016	410,000	127,877	537,877
2017	435,000	110,658	545,658
2018	460,000	92,170	552,170
2019	490,000	72,390	562,390
2020	540,000	50,953	590,953
2021	605,000	26,922	631,922
	<u>\$ 4,390,000</u>	<u>\$ 1,144,023</u>	<u>\$ 5,534,023</u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2011

NOTE H – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

On March 1, 2010, the City issued \$2,210,000 in Certificates of Participation. The Certificates of Participation bear interest from 5.30% to 6.65%. Interest payments are due semi-annually on March 1 and September 15 of each year. The City will receive an interest subsidy from the US Treasury semi-annually to offset the cost of interest. The City is required to file specific forms with the IRS no later than 45 days before each interest payment is due in order to receive the interest subsidy. The Certificates of Participation outstanding at March 31, 2011, are due as follows:

Year Ended March 31,	Principal	Interest	Interest Subsidy	Total
2012	\$ -	\$ 134,085	\$ (60,338)	\$ 73,747
2013	-	134,085	(60,338)	73,747
2014	-	134,085	(60,338)	73,747
2015	-	134,085	(60,338)	73,747
2016	-	134,085	(60,338)	73,747
2017	-	134,085	(60,338)	73,747
2018	-	134,085	(60,338)	73,747
2019	-	134,085	(60,339)	73,746
2020	-	134,085	(60,339)	73,746
2021	140,000	134,085	(60,339)	213,746
2022	200,000	126,665	(56,999)	269,666
2023	205,000	115,765	(52,094)	268,671
2024	215,000	104,285	(46,928)	272,357
2025	220,000	91,922	(41,365)	270,557
2026	230,000	78,942	(35,524)	273,418
2027	235,000	64,682	(29,107)	270,575
2028	245,000	49,878	(22,445)	272,433
2029	255,000	34,198	(15,389)	273,809
2030	265,000	17,623	(7,930)	274,693
	<u>\$ 2,210,000</u>	<u>\$ 2,024,810</u>	<u>\$ (911,164)</u>	<u>\$ 3,323,646</u>

On May 5, 2010, the City entered into a lease purchase agreement to finance the purchase of a sewer vacuum truck. The agreement requires annual payments of \$55,569, which includes interest at 4%.

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2011

NOTE H – LONG-TERM DEBT – BUSINESS-TYPE ACTIVITIES (continued)

Total annual minimum lease payments required at March 31, 2011, are as follows:

Year Ended March 31,	Principal	Interest	Total
2012	\$ 47,082	\$ 8,486	\$ 55,568
2013	49,074	6,495	55,569
2014	51,150	4,419	55,569
2015	53,314	2,255	55,569
	<u>\$ 200,620</u>	<u>\$ 21,655</u>	<u>\$ 222,275</u>

A summary of the changes in long-term debt – business-type activities for the year ended March 31, 2011, is as follows:

	Balance March 31, 2010	Additions	Retirements	Balance March 31, 2011
Revenue Bonds				
1996B Series	\$ 1,355,000	\$ -	\$ 140,000	\$ 1,215,000
2004 Series	6,575,000	-	305,000	6,270,000
2006 Series	4,695,000	-	305,000	4,390,000
Deferred loss on debt refunding	(243,574)	-	(22,143)	(221,431)
	<u>12,381,426</u>	-	<u>727,857</u>	<u>11,653,569</u>
Certificates of Participation				
2010 Series	2,210,000	-	-	2,210,000
Premium on COP	54,567	-	2,728	51,839
	<u>2,264,567</u>	-	<u>2,728</u>	<u>2,261,839</u>
Lease	-	200,620	-	200,620
Compensated Absences	119,661	13,978	-	133,639
TOTAL	<u>\$ 14,765,654</u>	<u>\$ 214,598</u>	<u>\$ 730,585</u>	<u>\$ 14,249,667</u>



CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2011

NOTE I – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Long-term debt for governmental activities at March 31, 2011, consists of 2006 certificates of participation and compensated absences payable.

2006 Certificates of Participation:

On May 1, 2006, the City issued \$9,375,000 in Series 2006 Certificates of Participation. The certificates bear interest at various rates ranging from 3.55% to 4.35% with principal payments due May 1 and interest payments due May 1 and November 1 each year.

The annual debt service requirements to amortize principal on the 2006 certificates of participation outstanding at March 31, 2011, are listed in the following table:

Year Ended March 31,	Principal	Interest	Total
2012	\$ 1,155,000	\$ 179,820	\$ 1,334,820
2013	1,245,000	134,798	1,379,798
2014	630,000	98,858	728,858
2015	120,000	84,172	204,172
2016	125,000	79,241	204,241
2017	130,000	74,045	204,045
2018	135,000	68,579	203,579
2019	140,000	62,837	202,837
2020	145,000	56,816	201,816
2021	150,000	50,510	200,510
2022	160,000	43,805	203,805
2023	165,000	36,695	201,695
2024	175,000	29,215	204,215
2025	180,000	21,360	201,360
2026	190,000	13,127	203,127
2027	200,000	4,450	204,450
	<u>\$ 5,045,000</u>	<u>\$ 1,038,328</u>	<u>\$ 6,083,328</u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2011

NOTE J – SUMMARY OF CHANGES IN LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

A summary of the changes in long-term debt – governmental activities for the year ended March 31, 2011, is as follows:

	Balance March 31, 2010	Additions	Retirements	Balance March 31, 2011
Certificates of Participation				
2006 Series	\$ 6,120,000	\$ -	\$ 1,075,000	\$ 5,045,000
Compensated absences payable	171,279	4,892	-	176,171
TOTAL	<u>\$ 6,291,279</u>	<u>\$ 4,892</u>	<u>\$ 1,075,000</u>	<u>\$ 5,221,171</u>

NOTE K – LONG-TERM DEBT – SOUTHERN HILLS COMMUNITY IMPROVEMENT DISTRICT

On July 1, 2010, the Southern Hills Community Improvement District issued a sales tax revenue note, not to exceed \$1,000,000, in order to pay a portion of the development project costs. The note will be repaid from net sales tax revenues the District will receive, and matures on August 19, 2015. Principal and interest payments are due monthly, with interest at 7.0% per annum.

Activity for the year ended March 31, 2011, is summarized below:

	Balance March 31, 2010	Additions	Retirements	Balance March 31, 2011
Tax Revenue Note	<u>\$ -</u>	<u>\$ 999,979</u>	<u>\$ 185,470</u>	<u>\$ 814,509</u>

CITY OF WEST PLAINS, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2011

NOTE L – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2011, was as follows:

**Primary Government**

	Balance March 31, 2010	Additions	Deletions	Balance March 31, 2011
Governmental Activities				
Non-Depreciable Capital Assets:				
Construction in progress	\$ 2,956,061	\$ 857,270	\$ 253,566	\$ 3,559,765
Land	2,863,526	-	-	2,863,526
Total Non-depreciable Capital Assets	<u>\$ 5,819,587</u>	<u>\$ 857,270</u>	<u>\$ 253,566</u>	<u>\$ 6,423,291</u>
Depreciable Capital Assets:				
Building and improvements	\$ 16,380,052	\$ 397,524	\$ -	\$ 16,777,576
Machinery and equipment	2,426,232	155,689	18,200	2,563,721
Vehicles	2,717,290	25,000	-	2,742,290
Infrastructure	63,283,564	711,838	5,208	63,990,194
Land improvements	5,985	-	-	5,985
Total Depreciable Capital Assets	84,813,123	<u>\$ 1,290,051</u>	<u>\$ 23,408</u>	86,079,766
Less Accumulated Depreciation	50,080,087	<u>\$ 3,434,416</u>	<u>\$ 23,408</u>	53,491,095
Total Depreciable Capital Assets, net	<u>\$ 34,733,036</u>			<u>\$ 32,588,671</u>

Depreciation expense for governmental activities was charged to functions as follows:

Administration	\$ 5,793
Engineering	16,517
Police	66,797
Animal control	11,975
Public safety	16,621
Fire	129,846
Airport	45,233
Street	2,586,054
Cemetery	4,075
Shop	4,348
City hall complex	103,086
Tourist development	3,955
Parks and recreation	204,053
Golf	5,340
Transit	21,305
Library	55,685
Civic center	153,733
	<u>\$ 3,434,416</u>

CITY OF WEST PLAINS, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2011

NOTE L – CAPITAL ASSETS (continued)

	Balance March 31, 2010	Additions	Deletions	Balance March 31, 2011
<b>Business-Type Activities</b>				
<b>Water</b>				
Non-Depreciable Capital Assets:				
Land	\$ 166,752	\$ -	\$ -	\$ 166,752
Construction in progress	28,648	632,098	3,900	656,846
Total Non-Depreciable Capital Assets	195,400	<u>\$ 632,098</u>	<u>\$ 3,900</u>	823,598
Depreciable Capital Assets:				
Buildings and improvements	101,633	\$ 411	\$ -	102,044
Plant	15,063,299	311,707	-	15,375,006
Equipment	460,529	327,926	11,306	777,149
Transportation equipment	298,963	17,888	359	316,492
Total Depreciable Capital Assets	15,924,424	<u>\$ 657,932</u>	<u>\$ 11,665</u>	16,570,691
Less Accumulated Depreciation	5,515,610	<u>\$ 445,136</u>	<u>\$ 11,665</u>	5,949,081
Depreciable Capital Assets, net	10,408,814			10,621,610
<b>Electric</b>				
Non-Depreciable Capital Assets:				
Land	76,662	\$ -	\$ -	76,662
Construction in progress	123,626	882,491	-	1,006,117
Total Non-Depreciable Capital Assets	200,288	<u>\$ 882,491</u>	<u>\$ -</u>	1,082,779
Depreciable Capital Assets:				
Buildings and improvements	219,856	\$ 7,454	\$ -	227,310
Plant	22,101,273	205,956	-	22,307,229
Equipment	2,342,941	36,532	37,311	2,342,162
Transportation equipment	1,273,067	105,911	8,000	1,370,978
Total Depreciable Capital Assets	25,937,137	<u>\$ 355,853</u>	<u>\$ 45,311</u>	26,247,679
Less Accumulated Depreciation	9,276,851	<u>\$ 850,171</u>	<u>\$ 45,311</u>	10,081,711
Depreciable Capital Assets, net	16,660,286			16,165,968

CITY OF WEST PLAINS, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2011

NOTE L – CAPITAL ASSETS (continued)

	Balance March 31, 2010	Additions	Deletions	Balance March 31, 2011
<b>Sewer</b>				
Buildings and improvements	75,483	\$ -	\$ -	75,483
Plant	20,286,258	83,365	-	20,369,623
Equipment	602,547	250,870	775	852,642
Transportation equipment	90,121	-	-	90,121
Total Depreciable Capital Assets	21,054,409	\$ 334,235	\$ 775	21,387,869
Less Accumulated Depreciation	5,069,161	\$ 371,537	\$ 775	5,439,923
Depreciable Capital Assets, net	15,985,248			15,947,946
<b>Refuse</b>				
Non-Depreciable Capital Assets:				
Land	15,000	\$ -	\$ -	15,000
Depreciable Capital Assets:				
Buildings and improvements	185,652	-	-	185,652
Transfer station	540,911	-	-	540,911
Equipment	801,533	10,217	2,155	809,595
Transportation equipment	911,297	205,423	66,916	1,049,804
Total Depreciable Capital Assets	2,439,393	\$ 215,640	\$ 69,071	2,585,962
Less Accumulated Depreciation	1,472,298	\$ 166,835	\$ 69,071	1,570,062
Depreciable Capital Assets, net	967,095			1,015,900
Total Capital Assets, net	\$ 44,432,131			\$ 45,672,801

CITY OF WEST PLAINS, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2011

NOTE L – CAPITAL ASSETS (continued)

**Component Units**

	Balance March 31, 2010	Additions	Deletions	Balance March 31, 2011
South 160 Community				
Improvement District				
Depreciable Capital Assets:				
Infrastructure	\$ 3,381,036	\$ 38,328	\$ -	\$ 3,419,364
Total Depreciable Capital Assets	3,381,036	\$ 38,328	\$ -	3,419,364
Less Accumulated Depreciation	232,320	\$ 67,620	\$ -	299,940
Depreciable Capital Assets, net	<u>\$ 3,148,716</u>			<u>\$ 3,119,424</u>
63 ByPass Community				
Improvement District				
Depreciable Capital Assets:				
Infrastructure	\$ 154,011	\$ 48,951	\$ -	\$ 202,962
Total Depreciable Capital Assets	154,011	\$ 48,951	\$ -	202,962
Less Accumulated Depreciation	3,820	\$ 3,080	\$ -	6,900
Depreciable Capital Assets, net	<u>\$ 150,191</u>			<u>\$ 196,062</u>
Southern Hills Community				
Improvement District				
Depreciable Capital Assets:				
Infrastructure	\$ 168,133	\$ 1,320,170	\$ -	\$ 1,488,303
Total Depreciable Capital Assets	168,133	\$ 1,320,170	\$ -	1,488,303
Less Accumulated Depreciation	-	\$ 3,363	\$ -	3,363
Depreciable Capital Assets, net	<u>\$ 168,133</u>			<u>\$ 1,484,940</u>

NOTE M – EMPLOYEE PENSION PLAN

Plan Description

The City of West Plains 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 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 by calling 1-800-447-4334.

Funding Status

Full-time employees of the City of West Plains do not contribute to the pension plan. The June 30<sup>th</sup> statutorily required contribution rates are 12.6% (General), 12.2% (Police), and 17.1% (Fire) of annual covered payroll. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute.

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

The subdivision's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 661,292
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	<u>661,292</u>
Actual contributions	<u>644,098</u>
Increase (decrease) in NPO	17,194
NPO beginning of year	-
NPO end of year	<u><u>\$ 17,194</u></u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2011

NOTE M – EMPLOYEE PENSION PLAN (continued)

The annual required contribution (ARC) was determined as part of the February 29, 2008, annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% 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 the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on the 1971 Group Annuity Mortality table projected to 2000 set back 1 year for men and 7 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, 2008, was 15 years for the General division, 15 years for the Police division, and 15 years for the Fire division. The amortization period as of February 28, 2009, was 30 years for the General division, 30 years for the Police division, and 18 years for the Fire division.

Three-Year Trend Information

Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 643,199	100%	\$ -
2009	702,092	100%	-
2010	661,292	97.4%	17,194

The actuarial valuation revealed the following relating to the financial position of the Plan:

	(a)	(b)	(b-a)	(a/b)	(c)	[(b-a)/c]
Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded Accrued Liability (UAL)	Funded Ratio	Annual Covered Payroll	UAL as a Percentage of Covered Payroll
02/28/2010	\$ 10,188,911	\$ 13,210,902	\$ 3,021,991	77%	\$ 5,306,599	57%

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.



NOTE N – RISK MANAGEMENT

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has transferred its risk by obtaining coverage from a public self-insured insurance pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE O – INTERNAL BALANCES

Internal balances as of March 31, 2011, consisted of the following:

	General Fund	Tax Increment Financing Funds	Utility Fund
Internal balances	\$ 2,216	\$ 1,772	\$ (3,988)

During the course of its operations, the City has numerous transactions between funds to finance operation, provide services, construct assets and service debt. To the extent that certain transactions between funds had not been paid or received as of March 31, 2011, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

NOTE P – DEFERRED BOND ISSUANCE COSTS

The City’s 2004 and 2006 Revenue Bonds and 2010 Certificates of Participation issuance costs are amortized as an adjustment to interest expense using straight-line amortization over the lives of the issues ranging from 15 to 20 years.

The deferred debt issuance costs for governmental activities consist of the 2006 Certificates of Participation. The issue costs will be amortized as an adjustment to interest expense using straight line amortization over 20 years.

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2011

NOTE P – DEFERRED BOND ISSUANCE COSTS (continued)

A summary of the changes in the deferred bond issuance costs for the year ended March 31, 2011, is listed below:

	Balance March 31, 2010	Additions	Amortization	Balance March 31, 2011
Utility Fund	\$ 208,416	\$ 5,688	\$ 13,950	\$ 200,154
Governmental Activities	\$ 195,057	\$ -	\$ 12,192	\$ 182,865

NOTE Q – CLAIMS AND ADJUSTMENTS

The City participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government. As of March 31, 2011, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

NOTE R – DEBT REFUNDING

On May 1, 2006, the City issued \$5,790,000 in Series 2006 Waterworks System Refunding Revenue Bonds with interest rates ranging from 4.0% to 4.45%. The City issued the bonds to refund \$5,460,000 of outstanding Series 2000 Waterworks System Revenue Bonds with interest rates ranging from 4.4% to 5.625%.

The advanced refunding resulted in the recognition of a deferred loss on refunding in the Utility Fund of \$332,146. The deferred loss is being amortized as an adjustment to interest expense over a period of 15 years.

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2011

NOTE R – DEBT REFUNDING (continued)

A summary of the deferred loss on debt refunding is listed below:

	Balance March 31, 2010	Additions	Amortization	Balance March 31, 2011
Utility Fund	<u>\$ 243,574</u>	<u>\$ -</u>	<u>\$ 22,143</u>	<u>\$ 221,431</u>

NOTE S – SHORT-TERM DEBT

**South 160 Community Improvement District**

On December 12, 2009, the South 160 Community Improvement District issued a bond anticipation note in the amount of \$3,007,507 in order to accelerate the start of the District's improvement projects. Interest on the note is due monthly at various rates. The note will be repaid from the proceeds of bonds the District will receive. During the year, the bond anticipation note was renewed for an additional year, which matures on December 12, 2011.

Short-term activity for the year ended March 31, 2011, is summarized below:

	Balance March 31, 2010	Additions	Retirements	Balance March 31, 2011
Bond Anticipation Notes	<u>\$ 2,945,782</u>	<u>\$ -</u>	<u>\$ 129,154</u>	<u>\$ 2,816,628</u>

NOTE T – PLEDGED REVENUES

The City has pledged future water and sewer customer revenues to repay the 1996B, 2004 and 2006 revenue bonds issued to improve and expand the water and sewer system. The bonds are payable solely from customer net revenues and are payable through 2025. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal, interest and fees remaining to be paid on the bonds is \$15,706,135. Principal and interest paid for the current year and total customer net revenues were \$1,296,989 and \$3,697,514, respectively.

NOTE T – PLEDGED REVENUES (continued)

The City has pledged future sales tax revenues to repay the Series 2006 Certificates of Participation issued for the purpose of financing various City building projects. The lease purchase is payable solely from tax revenues of the City and is payable through 2027. The total principal and interest remaining to be paid on the lease is \$6,083,328.

The Southern Hills Community Improvement District has pledged future sales tax revenue to repay the sales tax revenue note issued on July 1, 2010. The lease is payable solely from net sales tax revenues of the District and is due no later than August 19, 2015. The total principal remaining to be paid on the lease is \$814,509 with interest payable at 7.0% per annum.

NOTE U – COMMITMENTS

As of March 31, 2011, the City had the following commitments:

- Scott Consulting Engineers for construction of water storage tank in the amount of \$833,350.
- Feller Construction, Inc. for building renovations in the amount of \$476,826.

NOTE V – DEFERRED REVENUE

Revenue has been deferred for receivables not expected to be collected within sixty days of year-end but are expected to be collectible. Deferred revenue as of March 31, 2011, consists of the following:

Court fines	\$	58,202
Golf course memberships		28,086
Other		12,230
	\$	<u>98,518</u>

NOTE W – TAX INCREMENT FINANCING DISTRICTS AND COMMUNITY IMPROVEMENT  
DISTRICTS

TIF #1 is committed to repay the developer for public infrastructure improvements in the TIF #1 District. There is no debt on the City's part. However, the City is obligated to repay \$500,000 of public infrastructure improvements to the extent that taxes are collected within this District. The City is only obligated if taxes are collected, and through May 2017. As of March 31, 2011, the City has paid the developer \$106,845, leaving a remaining balance of \$393,155.

TIF #2 and CID #1 overlay one another. TIF #2 taxes are collected along with sales taxes of CID #1 and are pledged to repay the Bond anticipation note, which was used for public improvements. The City is only obligated if taxes are collected, and through October 2028.

TIF #3 and CID #2 overlay one another. TIF #3 taxes are pledged to repay the developers of CID #2 for public infrastructure improvements up to \$463,135. The total amount remaining due to the developer at March 31, 2011, is \$242,693. The City is only obligated if taxes are collected, and through November 2029.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF WEST PLAINS, MISSOURI  
 SCHEDULE OF FUNDING PROGRESS  
 Year Ended March 31, 2011

**Missouri Local Government Employees Retirement System (LAGERS)**

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
2/29/2008	\$ 12,068,915	\$ 13,105,323	\$ 1,036,408	92%	\$ 5,176,424	20%
2/28/2009	9,736,777	13,116,858	3,380,081	74%	5,420,946	62%
2/28/2010	10,188,911	13,210,902	3,021,991	77%	5,306,599	57%

Note: 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, 2006, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

CITY OF WEST PLAINS, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND  
 Year Ended March 31, 2011

	Year Ended March 31,				2010 Actual
	2011			Variance With Final Budget	
	Original Budget	Final Budget	Actual		
<b>REVENUES</b>					
<b>Taxes</b>					
Ad valorem taxes, penalties and interest	\$ 635,000	\$ 638,000	\$ 649,067	\$ 11,067	\$ 637,511
Surtax	53,600	53,600	65,248	11,648	54,901
Motor vehicle sales tax	108,000	108,000	109,532	1,532	105,551
Sales tax	2,633,100	2,717,900	2,745,606	27,706	2,732,820
Capital improvement sales tax	1,327,250	1,316,250	1,384,641	68,391	1,378,129
Transportation sales tax	1,266,000	1,317,600	1,323,519	5,919	1,317,652
State motor fuel tax	312,000	312,000	307,632	(4,368)	300,097
Franchise taxes	1,840,000	1,985,000	2,127,295	142,295	1,898,176
Hotel/motel taxes	80,000	80,000	68,672	(11,328)	70,096
Other taxes	7,500	7,500	16,913	9,413	13,203
	<u>8,262,450</u>	<u>8,535,850</u>	<u>8,798,125</u>	<u>262,275</u>	<u>8,508,136</u>
<b>Licenses and Permits</b>					
Liquor	11,700	11,700	11,010	(690)	12,281
Building permits	15,000	15,000	20,279	5,279	13,759
Business licenses	30,000	30,000	31,110	1,110	31,120
Other	8,150	9,150	10,625	1,475	9,895
	<u>64,850</u>	<u>65,850</u>	<u>73,024</u>	<u>7,174</u>	<u>67,055</u>
<b>Intergovernmental Revenues</b>					
Federal	797,474	1,318,013	760,467	(557,546)	1,591,329
State	72,338	83,300	41,704	(41,596)	9,064
Other	115,470	973,070	499,030	(474,040)	-
	<u>985,282</u>	<u>2,374,383</u>	<u>1,301,201</u>	<u>(1,073,182)</u>	<u>1,600,393</u>
<b>Charges for Services</b>					
Parks and recreation	143,800	145,300	146,366	1,066	128,202
Cemetery	16,000	18,000	24,455	6,455	17,075
Transit	30,600	30,600	29,846	(754)	32,436
Rental income	212,500	192,700	197,019	4,319	197,892
Concessions	156,400	149,400	138,339	(11,061)	151,973
Fuel sales	362,300	404,000	400,103	(3,897)	340,744
Golf	192,500	199,700	194,105	(5,595)	184,707
Fines and forfeitures	248,000	248,000	258,296	10,296	251,629
Civic Center	190,000	190,000	152,089	(37,911)	231,220
Other	62,800	62,600	55,483	(7,117)	60,255
	<u>1,614,900</u>	<u>1,640,300</u>	<u>1,596,101</u>	<u>(44,199)</u>	<u>1,596,133</u>
<b>Miscellaneous</b>					
Reimbursements	5,700	59,100	17,141	(41,959)	83,675
Interest	63,400	65,400	69,951	4,551	69,975
Donations and other contributions	6,400	18,400	22,880	4,480	6,819
Sale of property	500	500	305	(195)	3,973
Other	17,750	26,025	23,688	(2,337)	15,743
	<u>93,750</u>	<u>169,425</u>	<u>133,965</u>	<u>(35,460)</u>	<u>180,185</u>
<b>TOTAL REVENUES</b>	<b>11,021,232</b>	<b>12,785,808</b>	<b>11,902,416</b>	<b>(883,392)</b>	<b>11,951,902</b>



CITY OF WEST PLAINS, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)  
 Year Ended March 31, 2011

	Year Ended March 31,				2010 Actual
	2011			Variance With Final Budget	
	Original Budget	Final Budget	Actual		
<b>EXPENDITURES</b>					
Current					
Administrative	2,040,020	1,996,720	2,011,205	(14,485)	2,035,809
Safety	16,440	15,740	14,365	1,375	14,987
Engineering	265,070	270,470	269,100	1,370	252,829
Building official	48,410	49,910	48,538	1,372	46,669
City attorney	103,970	100,970	115,980	(15,010)	116,601
Court	114,745	116,845	112,177	4,668	108,386
Police	1,605,670	1,579,670	1,591,228	(11,558)	1,550,911
Animal control	57,200	58,700	58,346	354	306,029
Emergency management	43,290	44,090	37,635	6,455	266,016
Fire	739,180	799,450	748,945	50,505	646,948
Airport	377,015	412,215	598,221	(186,006)	1,573,441
Street	2,283,410	2,890,110	1,999,258	890,852	1,376,641
Cemetery	92,000	87,600	82,068	5,532	84,405
Construction	119,975	120,275	114,893	5,382	112,692
Shop	62,070	62,270	55,158	7,112	60,248
Health	22,825	22,825	23,008	(183)	21,387
City hall complex	186,210	618,667	373,165	245,502	325,943
City beautification	4,750	4,750	3,440	1,310	2,901
Economic development	551,900	836,725	346,128	490,597	117,897
Tourist development	125,150	133,480	121,446	12,034	109,286
Parks and recreation	907,049	959,979	667,338	292,641	627,014
Golf	292,300	318,600	314,669	3,931	277,413
Transit	144,125	204,125	156,031	48,094	187,343
Library	552,800	564,350	553,969	10,381	571,588
Civic center	619,800	674,650	914,213	(239,563)	1,916,552
Galloway park department	14,000	13,100	12,607	493	11,583
Senior citizens	24,230	26,130	31,355	(5,225)	23,536
<b>TOTAL EXPENDITURES</b>	<b>11,413,604</b>	<b>12,982,416</b>	<b>11,374,486</b>	<b>1,607,930</b>	<b>12,745,055</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>	<b>(392,372)</b>	<b>(196,608)</b>	<b>527,930</b>	<b>724,538</b>	<b>(793,153)</b>
<b>FUND BALANCE, April 1</b>	<b>5,366,857</b>	<b>5,366,857</b>	<b>5,366,857</b>	<b>-</b>	<b>6,160,010</b>
<b>FUND BALANCE, March 31</b>	<b>\$ 4,974,485</b>	<b>\$ 5,170,249</b>	<b>\$ 5,894,787</b>	<b>\$ 724,538</b>	<b>\$ 5,366,857</b>

CITY OF WEST PLAINS, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – TAX INCREMENT FINANCING #1 FUND  
 Year Ended March 31, 2011

	Year Ended March 31,				
	2011				2010
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES					
Taxes					
Sales taxes	\$ -	\$ 26,500	\$ 24,055	\$ (2,445)	\$ 23,745
Miscellaneous					
Interest	-	1,100	1,058	(42)	1,007
TOTAL REVENUES	-	27,600	25,113	(2,487)	24,752
EXPENDITURES					
Current					
Miscellaneous	-	66,800	37,884	28,916	24,215
TOTAL EXPENDITURES	-	66,800	37,884	28,916	24,215
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	-	(39,200)	(12,771)	26,429	537
FUND BALANCE, April 1	252,295	252,295	252,295	-	251,758
FUND BALANCE, March 31	\$ 252,295	\$ 213,095	\$ 239,524	\$ 26,429	\$ 252,295

CITY OF WEST PLAINS, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – TAX INCREMENT FINANCING #2 FUND  
 Year Ended March 31, 2011

	Year Ended March 31,				2009
	2011				
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES					
Taxes					
Sales taxes	\$ -	\$ 206,200	\$ 202,998	\$ (3,202)	\$ 199,157
TOTAL REVENUES	-	206,200	202,998	(3,202)	199,157
EXPENDITURES					
Current					
Miscellaneous	-	206,200	202,998	3,202	199,157
TOTAL EXPENDITURES	-	206,200	202,998	3,202	199,157
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-	-
FUND BALANCE, April 1	-	-	-	-	-
FUND BALANCE, March 31	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF WEST PLAINS, MISSOURI  
 BUDGETARY COMPARISON SCHEDULE – TAX INCREMENT FINANCING #3 FUND  
 Year Ended March 31, 2011

	Year Ended March 31,				2010 Actual
	2011 Original Budget	2011 Final Budget	2011 Actual	Variance With Final Budget	
REVENUES					
Taxes					
Sales taxes	\$ -	\$ 90,900	\$ 89,437	\$ (1,463)	\$ 70,404
TOTAL REVENUES	-	90,900	89,437	(1,463)	70,404
EXPENDITURES					
Current					
Miscellaneous	-	90,900	89,437	1,463	70,404
TOTAL EXPENDITURES	-	90,900	89,437	1,463	70,404
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-	-	-
FUND BALANCE, April 1	-	-	-	-	-
FUND BALANCE, March 31	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF WEST PLAINS, MISSOURI  
NOTE TO BUDGETARY COMPARISON SCHEDULES  
Year Ended March 31, 2011

Budgets and Budgetary Accounting

The City utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April, Administration submits to the City Council a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditure plans for all fund types and the proposed means of financing them.
2. One public hearing is conducted by the City Council in late February or early March to obtain taxpayers' comments on the proposed budget and tax levy.
3. Prior to April 1, ordinances are passed by Council which provide for legally adopted budgets for all funds of the City.
4. The City operates on a program performance budget system, with legally adopted budgets prepared by fund, program and department. The level of budgetary control is at the department level. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of City Council.
5. Formal budgetary integration is employed as a management control device for all funds of the City.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with GAAP. Budgeted amounts may be amended during the year by City Council on approved budget adjustment forms.

## **OTHER FINANCIAL INFORMATION**

CITY OF WEST PLAINS, MISSOURI  
DEPARTMENTAL STATEMENT OF NET ASSETS – ENTERPRISE FUND  
March 31, 2011

	Utility Fund				
	Electric	Water	Sewer	Refuse	Total
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	\$ 6,093,282	\$ 373,848	\$ 2,108,066	\$ 405,086	\$ 8,980,282
Investments	2,190,000	360,000	360,000	90,000	3,000,000
Utilities receivable, net	1,285,924	203,141	162,820	121,828	1,773,713
Other accounts receivable	294,358	7,448	7,620	10,084	319,510
Inventory	1,023,631	274,858	-	-	1,298,489
Prepaid expenses	15,287	8,917	7,643	10,616	42,463
<b>TOTAL CURRENT ASSETS</b>	<b>10,902,482</b>	<b>1,228,212</b>	<b>2,646,149</b>	<b>637,614</b>	<b>15,414,457</b>
Restricted Assets					
Cash and cash equivalents	234,660	2,361,111	124,235	30,047	2,750,053
Investments	-	-	1,245,119	-	1,245,119
<b>TOTAL RESTRICTED ASSETS</b>	<b>234,660</b>	<b>2,361,111</b>	<b>1,369,354</b>	<b>30,047</b>	<b>3,995,172</b>
Deferred Debt Issuance Costs	-	102,395	97,759	-	200,154
Property, Plant and Equipment	27,406,323	17,329,251	21,440,591	2,537,413	68,713,578
Less accumulated depreciation	(10,088,592)	(5,934,929)	(5,443,559)	(1,573,697)	(23,040,777)
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>17,317,731</b>	<b>11,394,322</b>	<b>15,997,032</b>	<b>963,716</b>	<b>45,672,801</b>
<b>TOTAL ASSETS</b>	<b>28,454,873</b>	<b>15,086,040</b>	<b>20,110,294</b>	<b>1,631,377</b>	<b>65,282,584</b>
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities					
Accounts payable	925,325	157,433	98,693	111,030	1,292,481
Accrued expenses	54,373	16,989	11,794	14,821	97,977
Accrued interest payable	-	27,201	91,428	-	118,629
Internal balances	(19,361)	-	-	23,349	3,988
Meter deposits payable	234,660	216,610	-	-	451,270
Current maturities of long-term debt	-	330,000	512,082	-	842,082
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,194,997</b>	<b>748,233</b>	<b>713,997</b>	<b>149,200</b>	<b>2,806,427</b>
Long-Term Liabilities					
Revenue bonds payable	-	3,838,569	7,020,000	-	10,858,569
Certificates of Participation payable	-	2,261,839	-	-	2,261,839
Lease payable	-	-	153,538	-	153,538
Compensated absences payable	47,840	18,804	34,899	32,096	133,639
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>47,840</b>	<b>6,119,212</b>	<b>7,208,437</b>	<b>32,096</b>	<b>13,407,585</b>
<b>TOTAL LIABILITIES</b>	<b>1,242,837</b>	<b>6,867,445</b>	<b>7,922,434</b>	<b>181,296</b>	<b>16,214,012</b>
Net Assets					
Invested in capital assets, net of related debt	17,317,731	6,097,417	8,464,950	963,716	32,843,814
Restricted	-	1,010,998	1,369,354	30,047	2,410,399
Unrestricted	9,894,305	1,110,180	2,353,556	456,318	13,814,359
<b>TOTAL NET ASSETS</b>	<b>\$ 27,212,036</b>	<b>\$ 8,218,595</b>	<b>\$ 12,187,860</b>	<b>\$ 1,450,081</b>	<b>\$ 49,068,572</b>

CITY OF WEST PLAINS, MISSOURI  
 UTILITY REVENUE AND EXPENSE SCHEDULE BY DEPARTMENT  
 Year Ended March 31, 2011

		Utility Fund				
		Revenues	Expenses	Revenues over Expenses	Less Overhead	Net Income
66%	Electric	\$ 14,598,068	\$ 13,507,655	\$ 1,090,413	\$ 835,479	\$ 254,934
20%	Water	2,137,624	1,415,724	721,900	253,175	468,725
7%	Sewer	2,012,410	1,429,637	582,773	88,612	494,161
7%	Refuse	1,955,155	1,707,167	247,988	88,612	159,376
		<u>\$ 20,703,257</u>	<u>\$ 18,060,183</u>	<u>\$ 2,643,074</u>	<u>\$ 1,265,878</u>	<u>\$ 1,377,196</u>
OVERHEAD						
	Warehouse		\$ 158,405	\$ (158,405)		
	Administration		925,856	(925,856)		
	Safety		12,535	(12,535)		
	Engineering		118,579	(118,579)		
	Shop		50,503	(50,503)		
			<u>1,265,878</u>	<u>(1,265,878)</u>		
GRAND TOTALS		<u>\$ 20,703,257</u>	<u>\$ 19,326,061</u>	<u>\$ 1,377,196</u>		





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**INDEPENDENT AUDITORS' REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council  
City of West Plains  
West Plains, Missouri

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of West Plains, Missouri, as of and for the year ended March 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit we considered internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Honorable Mayor and City Council  
City of West Plains  
West Plains, Missouri

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of West Plains, Missouri's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management in a separate letter dated August 15, 2011.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

*Davis, Lynn & Moots, PC*

DAVIS, LYNN & MOOTS, P.C.  
August 15, 2011



DAVIS, LYNN &  
MOOTS, P.C.  
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**INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE WITH REQUIREMENTS THAT COULD  
HAVE A DIRECT AND MATERIAL EFFECT ON EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and City Council  
City of West Plains  
West Plains, Missouri

We have audited the City of West Plains, Missouri's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal program for the year ended March 31, 2011. Major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of West Plains, Missouri's management. Our responsibility is to express an opinion on the City of West Plains, Missouri's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of West Plains, Missouri's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of West Plains, Missouri's compliance with those requirements.

In our opinion, the City of West Plains, Missouri complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2011.

Honorable Mayor and City Council  
City of West Plains  
West Plains, Missouri

### Internal Control Over Compliance

Management of the City of West Plains, Missouri, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of West Plains, Missouri's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.  
August 15, 2011

CITY OF WEST PLAINS, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended March 31, 2011

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Missouri Department of Economic Development Community Development Block Grant	14.228	2009-PF-09 2008-PF-957	\$ 26,844 <u>174,433</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			201,277
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Direct Economic Development Administration Grant	11.301	N/A	<u>197,982</u>
TOTAL U.S. DEPARTMENT OF COMMERCE			197,982
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Missouri Department of Public Safety Edward Byrne Memorial Justice Assistance Grant	16.738	2009-JAG-024	180,445
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.803	2009-JAG-RA-063	19,405
Cape Gireadeau County Public Safety Partnership and Community Policing	16.710	2011-SCDTF	<u>14,939</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			214,789
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
State Emergency Management Agency Emergency Management Performance Grant	97.042	N/A	17,317
State Homeland Security Grant Program	97.067	2008-GE-T8-0014 2007-GE-T7-0034	4,615 10,410
Disaster Grant - Public Assistance	97.036	FEMA 1882-DR-MO	277,593
State Homeland Security Grant Program	97.073	2009-SS-T9-0062	1,170
Direct Assistance to Firefighters Grant	97.044	N/A	<u>66,339</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			377,444
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Missouri Department of Transportation Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	10-PT-02-171 11-PT-02-139 10-K8-03-93 11-K8-03-111	3,378 2,685 2,528 557
Airport Improvement Program	20.106	AIRE-055-104C	110,453
Highway Planning and Construction	20.205	STP-6600(910) SRTS-INF-H109(004)	84,631 421
University of Central Missouri Alcohol Open Container Requirements	20.607	LKK075	267
Missouri Highways and Transportation Commission Federal Transit Capital Investment Grant	20.500	TSTOAG11WP1	<u>69,518</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>274,438</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,265,930</u></u>

N/A - Not Applicable

CITY OF WEST PLAINS, MISSOURI  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
Year Ended March 31, 2011

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is describe in Note A to the City's financial statements.

CITY OF WEST PLAINS, MISSOURI  
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended March 31, 2011

A. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements.
2. No significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit.
4. No significant deficiencies were disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs expresses an unqualified opinion.
6. There were no findings required to be reported in accordance with Section 510(a) of OMB Circular A-133.
7. The programs tested as major programs were:

Economic Development Administration Grant	11.301
Community Development Block Grant	14.228
8. The threshold for determining Type A programs was \$300,000.
9. The City of West Plains, Missouri was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no findings or questioned costs for the major federal award program.

CITY OF WEST PLAINS, MISSOURI  
SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended March 31, 2011

There were no prior audit findings.