

CITY OF WEST PLAINS, MISSOURI
BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2012

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	4
MANAGEMENT'S DISCUSSION AND ANALYSIS	7
BASIC FINANCIAL STATEMENTS	
Statement of Net Assets	14
Statement of Activities.....	15
Balance Sheet – Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Net Assets – Enterprise Fund	21
Statement of Revenues, Expenses and Changes in Net Assets – Enterprise Fund.....	22
Statement of Cash Flows – Enterprise Fund.....	24
Notes to Financial Statements.....	25
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress	55
Budgetary Comparison Schedule – General Fund.....	56
Budgetary Comparison Schedule – Tax Increment Financing #1 Fund.....	58

TABLE OF CONTENTS

REQUIRED SUPPLEMENTARY INFORMATION (continued)

Budgetary Comparison Schedule – Tax Increment Financing #2 Fund	59
Budgetary Comparison Schedule – Tax Increment Financing #3 Fund	60
Note to Budgetary Comparison Schedules	61

OTHER FINANCIAL INFORMATION

Departmental Statement of Net Assets – Enterprise Fund.....	63
Utility Revenue and Expense Schedule by Department	64
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 <i>Government Auditing Standards</i>	65
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	67
Schedule of Expenditures of Federal Awards.....	69
Summary Schedule of Findings and Questioned Costs	71
Schedule of Prior Audit Findings	72



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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, 2012, 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 2011 financial statements and, in our report dated August 15, 2011, 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, 2012, 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.

As discussed in Note A to the basic financial statements, the City adopted the provisions of GASB Statement No. 54 – *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended March 31, 2012.

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 23, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of funding progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Plains, Missouri's financial statements taken as a whole. The data contained under Other Financial Information 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 also not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
August 23, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2012

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, 2012. Please read it in conjunction with the City's financial statements, which begin on page 14.

Financial Highlights

- The net assets of the City's governmental activities decreased by \$321,747 as a result of current year activities. The net assets of the City's business activities increased by \$1,359,744 for the year.
- The assets of the City exceeded its liabilities as of March 31, 2012, by \$90.2 million (net assets). Of this amount \$18.7 million was unrestricted and may be used to meet future obligations of the City.
- Total long-term liabilities of the City decreased by \$2,139,594.
- The City has a half-cent transportation tax. This tax was originally passed by voters in 2002 and was extended through 2017 with an overwhelming vote of 79% in favor of the tax on April 5, 2011. These funds were originally restricted by state statute for street and bridge construction and maintenance as well as the equipment necessary to complete this work. In July 2012, the Governor signed SB568 which adds sidewalks, trails and community owned parking lots as allowable expenditures for transportation purposes. During FY12, street resurfacing, repair and construction projects were funded at a cost of \$1,928,486. A balance of \$647,159 will be carried forward for funding of 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, a remodeled facility for the municipal court, and remodeling of the Civic Center. The 2006 COP projects are now completed. In April 2012, voters approved the extension of this tax through December 2023, a period of 11 years. The citizens were polled for input on how the tax should be spent and a series of new projects will be slated for coming years. This 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 \$1.4 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+' long term rating and stable outlook from Standard and Poor's for the series 2011 sewerage system refunding revenue bonds in July 2011. The rating is supported by S&P's opinion regarding the following credit factors: a diverse revenue base and the City's status as a regional center, rates they view as competitive despite income levels for the City that are considered no better than adequate, financial performance that exhibits at least adequate debt service coverage with strong cash levels and limited additional debt needs combined with a debt to plant ratio considered to be moderate.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2012

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, 2012

- 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, 2012 and 2011:

	Governmental Activities	Business-Type Activities	Total March 31, 2012	Total March 31, 2011
Current and other assets	\$ 6,537,004	\$ 19,693,254	\$ 26,230,258	\$ 26,865,143
Capital assets	38,051,158	45,882,569	83,933,727	84,684,763
TOTAL ASSETS	44,588,162	65,575,823	110,163,985	111,549,906
Other liabilities	1,964,471	2,636,126	4,600,597	4,884,921
Long-term liabilities	2,822,781	12,511,381	15,334,162	17,473,756
TOTAL LIABILITIES	4,787,252	15,147,507	19,934,759	22,358,677
Net assets:				
Invested in capital assets				
net of related debt	34,161,158	32,571,992	66,733,150	66,810,776
Restricted	2,310,026	2,468,065	4,778,091	5,513,047
Unrestricted	3,329,726	15,388,259	18,717,985	16,867,406
TOTAL NET ASSETS	<u>\$ 39,800,910</u>	<u>\$ 50,428,316</u>	<u>\$ 90,229,226</u>	<u>\$ 89,191,229</u>

Total net assets of the City increased by \$1,037,997 for the year due to current year activity. Total liabilities for the City have decreased by \$2.4 million. Restricted net assets of the City totaled \$4.8 million as of March 31, 2012. 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, 2012

CHANGES IN NET ASSETS

	Governmental Activities	Business-Type Activities	Total March 31, 2012	Total March 31, 2011
REVENUES				
Program Revenues				
Charges for services	\$ 1,707,215	\$ 20,563,190	\$ 22,270,405	\$ 22,206,912
Operating grants and contributions	494,750	-	494,750	430,680
Capital grants and contributions	1,104,100	-	1,104,100	900,960
General Revenues				
Sales taxes	5,902,307	-	5,902,307	5,770,256
Ad valorem taxes	691,050	-	691,050	649,067
Motor vehicle and gas taxes	416,057	-	416,057	417,164
Other taxes	172,415	-	172,415	150,833
Franchise taxes	1,972,689	-	1,972,689	2,127,295
Interest	41,250	155,394	196,644	249,122
Other revenue	21,587	56,885	78,472	31,154
TOTAL REVENUES	12,523,420	20,775,469	33,298,889	32,933,443
EXPENSES				
Administrative	851,503	-	851,503	939,302
Safety	15,756	-	15,756	14,365
Engineering	325,777	-	325,777	285,372
Building official	58,088	-	58,088	48,538
City attorney	97,127	-	97,127	115,980
Court	118,767	-	118,767	111,912
Police	1,710,825	-	1,710,825	1,625,608
Animal control	70,975	-	70,975	70,321
Emergency management	42,299	-	42,299	37,635
Public safety	16,621	-	16,621	16,621
Fire	863,627	-	863,627	784,261
Airport	569,876	-	569,876	515,813
Street	3,318,698	-	3,318,698	3,148,494
Cemetery	92,187	-	92,187	85,688
Construction	121,531	-	121,531	114,363
Shop	83,077	-	83,077	222,567
Health	23,000	-	23,000	23,008
City hall complex	193,766	-	193,766	476,251
City beautification	3,823	-	3,823	3,440
Economic development	957,438	-	957,438	346,128
Tourist development	130,290	-	130,290	125,401
Parks and recreation	785,273	-	785,273	870,738
Golf	334,557	-	334,557	319,848
Transit	166,744	-	166,744	177,336
Library	597,304	-	597,304	609,605
Civic center	840,322	-	840,322	696,133
Galloway park department	9,918	-	9,918	12,607
Senior citizens	27,530	-	27,530	31,355
Other	406,278	-	406,278	330,319
Debt service	12,190	-	12,190	12,192
Water	-	1,568,447	1,568,447	1,496,248
Sewer	-	1,427,060	1,427,060	1,379,766
Electric	-	14,395,201	14,395,201	14,509,532
Refuse	-	1,890,247	1,890,247	1,804,469
Storm water engineering	-	134,770	134,770	136,046
TOTAL EXPENSES	12,845,167	19,415,725	32,260,892	31,497,262
INCREASE (DECREASE) IN NET ASSETS	\$ (321,747)	\$ 1,359,744	\$ 1,037,997	\$ 1,436,181

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2012**

Governmental Activities

Governmental activities decreased the net assets of the City by \$321,747. Tax revenues for the City were \$9,154,518, which represents 73% of the funding of these activities. Program revenues for the functions totaled \$3,306,065 or only 26% 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	\$ 851,503	\$ 763,435
Police	1,710,825	1,099,089
Fire	863,627	777,173
Airport	569,876	72,553
Street	3,318,698	3,222,509
Economic Development	957,438	126,508
Parks and Recreation	785,273	574,171
Library	597,304	542,345
Civic Center	840,322	494,425
Other Governmental Activities	2,350,301	1,866,894
	<u>\$ 12,845,167</u>	<u>\$ 9,539,102</u>

Business-Type Activities

Business-type activities increased the City's net assets by \$1,359,744. This is down from the increase received last year from the City's business-type activities. The increase in the prior year was \$1,377,196.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2012

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of March 31, 2012, were \$5,623,462. The General Fund decreased by \$479,627. The Tax Increment Financing #1 Fund decreased \$31,222. 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 \$12,996,810 increased to \$13,175,500, a difference of \$178,690, which is a change of only 1.4%. This minor adjustment can be contributed to an increase in budgeted sales tax as revenues at mid-year were higher than originally expected.
- The original General Fund expense budget was amended upward from \$13,903,674 to \$14,068,064. This is an increase of \$164,390, approximately 1.2%. Minor changes were made in operating expense budgets as the increase in sales tax revenue allowed.
- The actual year-end General Fund revenue was \$12,157,464 or \$1,018,036 below final budget. The final budget included grant revenue of \$2,257,800. Actual grant revenue for these projects during the fiscal year was \$1,032,371, a difference of \$1,225,429. A few of these grant projects were still in the design stage and did not begin as anticipated during the budget process but will be budgeted for the coming year. Some of the others were very large projects that did not get completed during the fiscal year but completion is anticipated during the next fiscal year. Taxes collected were \$57,598 more than in the final budget, unbudgeted disaster relief was received in the amount of \$57,565 and charges for services were higher than anticipated by \$75,805.
- The actual year-end General Fund expenses were \$12,637,091 or \$1,430,973 below final budget. \$1,262,969 can be contributed to the grant projects referred to above and actual capital outlay for street and bridge construction was \$183,456 under final budget.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2012**

Capital Asset and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$38 million (net of accumulated depreciation) as of March 31, 2012. This represents a \$960,804 decrease from the prior year due primarily to current year depreciation. Capital assets for business-type activities were \$45.9 million as of March 31, 2012. This represents an increase of \$209,768 from the prior year.

Debt Administration

Total debt of the governmental activities as of March 31, 2012, was \$4.1 million, which is down \$1,153,390 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, 2012, was \$13.4 million, a decrease of \$809,212 from the prior year. This is primarily due to principal payments and refunding 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 FY13, it was anticipated that the City sales tax would remain level with FY12 actual revenue. New Certificates of Participation will be issued with the extension of the Capital Improvement Tax. The tax was extended for 11 years in April 2012 and major projects will begin during the last half of the new year.

Contacting the City's Financial Management

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

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Tom Stehn, City Administrator
Dixie Williams, Finance Director

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF NET ASSETS
March 31, 2012

	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
ASSETS							
Current							
Cash and cash equivalents - unrestricted	\$ 2,051,019	\$ 13,162,548	\$ 15,213,567	\$ 10,719	\$ 42,963	\$ 6,979	\$ 917
Investments - unrestricted	-	-	-	348,199	-	-	-
Taxes receivable	889,838	-	889,838	-	-	-	-
Utilities receivable, net	-	1,731,115	1,731,115	-	-	-	-
Other accounts receivable	121,912	229,889	351,801	-	823	-	-
Court fines receivable, net	42,157	-	42,157	-	-	-	-
Intergovernmental receivable	439,008	-	439,008	-	-	-	-
Internal balances	(12,391)	12,391	-	-	-	-	-
Inventory	95,122	1,315,383	1,410,505	-	-	-	-
Prepaid expenses	79,118	56,871	135,989	-	-	-	-
Noncurrent							
Restricted cash and cash equivalents	1,769,947	1,709,366	3,479,313	-	-	-	-
Restricted investments	733,411	1,241,993	1,975,404	-	-	-	-
MODAG receivable	157,188	-	157,188	-	-	-	-
Deferred bond issuance costs	170,675	233,698	404,373	-	-	-	-
Capital Assets:							
Non-depreciable	4,549,199	915,260	5,464,459	-	-	-	-
Depreciable, net	33,501,959	44,967,309	78,469,268	-	3,082,378	217,292	1,924,480
TOTAL ASSETS	44,588,162	65,575,823	110,163,985	358,918	3,126,164	224,271	1,925,397
LIABILITIES							
Current							
Accounts payable	571,325	1,029,355	1,600,680	-	-	5,679	-
Accrued expenses	38,063	107,850	145,913	-	75,813	1,230	885
Accrued interest payable	66,022	86,553	152,575	-	-	-	-
Court bonds payable	3,437	-	3,437	-	-	-	-
Deposits payable	26,328	483,294	509,622	-	-	-	-
Other payables	14,296	-	14,296	-	-	-	-
Bond anticipation notes payable	-	-	-	-	2,743,452	-	-
Current maturities of long-term debt	1,245,000	929,074	2,174,074	-	-	-	-
	1,964,471	2,636,126	4,600,597	-	2,819,265	6,909	885
Noncurrent							
Compensated absences payable	177,781	129,878	307,659	-	-	-	-
Certificates of participation	2,645,000	2,259,110	4,904,110	-	-	-	-
Lease payable	-	104,464	104,464	-	-	-	-
Revenue bonds payable	-	10,017,929	10,017,929	-	-	-	-
Tax revenue note	-	-	-	-	-	-	820,553
	2,822,781	12,511,381	15,334,162	-	-	-	820,553
TOTAL LIABILITIES	4,787,252	15,147,507	19,934,759	-	2,819,265	6,909	821,438
NET ASSETS							
Invested in capital assets, net of related debt	34,161,158	32,571,992	66,733,150	-	338,926	217,292	1,103,927
Restricted	2,310,026	2,468,065	4,778,091	-	-	-	-
Unrestricted	3,329,726	15,388,259	18,717,985	358,918	(32,027)	70	32
TOTAL NET ASSETS	\$ 39,800,910	\$ 50,428,316	\$ 90,229,226	\$ 358,918	\$ 306,899	\$ 217,362	\$ 1,103,959

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF ACTIVITIES
Year Ended March 31, 2012

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	\$ (851,503)	\$ 88,068	\$ -	\$ -	\$ (763,435)	\$ -	\$ (763,435)	\$ -	\$ -	\$ -	
Safety	(15,756)	-	-	-	(15,756)	-	(15,756)	-	-	-	
Engineering	(325,777)	-	-	-	(325,777)	-	(325,777)	-	-	-	
Building official	(58,088)	49,984	-	-	(8,104)	-	(8,104)	-	-	-	
City attorney	(97,127)	-	-	-	(97,127)	-	(97,127)	-	-	-	
Court	(118,767)	-	-	-	(118,767)	-	(118,767)	-	-	-	
Police	(1,710,825)	240,863	361,873	9,000	(1,099,089)	-	(1,099,089)	-	-	-	
Animal control	(70,975)	4,940	-	-	(66,035)	-	(66,035)	-	-	-	
Emergency management	(42,299)	-	20,711	-	(21,588)	-	(21,588)	-	-	-	
Public safety	(16,621)	-	-	-	(16,621)	-	(16,621)	-	-	-	
Fire	(863,627)	426	2,604	83,424	(777,173)	-	(777,173)	-	-	-	
Airport	(569,876)	458,994	-	38,329	(72,553)	-	(72,553)	-	-	-	
Street	(3,318,698)	2,835	91,546	1,808	(3,222,509)	-	(3,222,509)	-	-	-	
Cemetery	(92,187)	21,225	-	-	(70,962)	-	(70,962)	-	-	-	
Construction	(121,531)	-	-	-	(121,531)	-	(121,531)	-	-	-	
Shop	(83,077)	-	-	-	(83,077)	-	(83,077)	-	-	-	
Health	(23,000)	648	-	-	(22,352)	-	(22,352)	-	-	-	
City hall complex	(193,766)	-	-	-	(193,766)	-	(193,766)	-	-	-	
City beautification	(3,823)	-	-	-	(3,823)	-	(3,823)	-	-	-	
Economic development	(957,438)	-	-	830,930	(126,508)	-	(126,508)	-	-	-	
Tourist development	(130,290)	5,923	5,865	-	(118,502)	-	(118,502)	-	-	-	
Parks and recreation	(785,273)	205,859	5,243	-	(574,171)	-	(574,171)	-	-	-	
Golf	(334,557)	209,854	-	-	(124,703)	-	(124,703)	-	-	-	
Transit	(166,744)	28,956	576	134,725	(2,487)	-	(2,487)	-	-	-	
Library	(597,304)	42,743	6,332	5,884	(542,345)	-	(542,345)	-	-	-	
Civic center	(840,322)	345,897	-	-	(494,425)	-	(494,425)	-	-	-	
Galloway park department	(9,918)	-	-	-	(9,918)	-	(9,918)	-	-	-	
Senior citizens	(27,530)	-	-	-	(27,530)	-	(27,530)	-	-	-	
Other	(406,278)	-	-	-	(406,278)	-	(406,278)	-	-	-	
Debt service	(12,190)	-	-	-	(12,190)	-	(12,190)	-	-	-	
TOTAL GOVERNMENTAL											
ACTIVITIES	(12,845,167)	1,707,215	494,750	1,104,100	(9,539,102)	-	(9,539,102)	-	-	-	

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF ACTIVITIES (CONTINUED)
Year Ended March 31, 2012

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	(1,568,447)	2,106,189	-	-	-	537,742	537,742	-	-	-	-
Sewer	(1,427,060)	1,775,888	-	-	-	348,828	348,828	-	-	-	-
Electric	(14,395,201)	14,608,146	-	-	-	212,945	212,945	-	-	-	-
Refuse	(1,890,247)	1,888,171	-	-	-	(2,076)	(2,076)	-	-	-	-
Storm water engineering	(134,770)	184,796	-	-	-	50,026	50,026	-	-	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	(19,415,725)	20,563,190	-	-	-	1,147,465	1,147,465	-	-	-	-
TOTAL PRIMARY GOVERNMENT	\$ (32,260,892)	\$ 22,270,405	\$ 494,750	\$ 1,104,100	(9,539,102)	1,147,465	(8,391,637)	-	-	-	-
Component Units											
West Plains Public Library Foundation	\$ (8,511)	\$ -	\$ 7,345	\$ -				(1,166)	-	-	-
South 160 Community Improvement District	(249,292)	-	-	-				-	(249,292)	-	-
63 ByPass Community Improvement District	(5,709)	-	-	-				-	-	(5,709)	-
Southern Hills Community Improvement District	(100,105)	-	-	-				-	-	-	(100,105)
TOTAL COMPONENT UNITS	\$ (363,617)	\$ -	\$ 7,345	\$ -				(1,166)	(249,292)	(5,709)	(100,105)
General Revenues:											
Sales taxes					5,902,307	-	5,902,307	-	294,969	26,909	534,007
Ad valorem taxes					691,050	-	691,050	-	-	-	-
Motor vehicle and gas taxes					416,057	-	416,057	-	-	-	-
Other taxes					172,415	-	172,415	-	-	-	-
Franchise taxes					1,972,689	-	1,972,689	-	-	-	-
Interest					41,250	155,394	196,644	5,324	-	-	-
Other revenue					21,587	56,885	78,472	7,401	-	-	-
Total General Revenues					9,217,355	212,279	9,429,634	12,725	294,969	26,909	534,007
Changes in Net Assets					(321,747)	1,359,744	1,037,997	11,559	45,677	21,200	433,902
Net Assets, Beginning of year					40,122,657	49,068,572	89,191,229	347,359	261,222	196,162	670,057
Net Assets, End of year					\$ 39,800,910	\$ 50,428,316	\$ 90,229,226	\$ 358,918	\$ 306,899	\$ 217,362	\$ 1,103,959

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2012

	General Fund	Tax Increment Financing #1 Fund	Tax Increment Financing #2 Fund	Tax Increment Financing #3 Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,051,019	\$ -	\$ -	\$ -	\$ 2,051,019
Taxes receivable	889,838	-	-	-	889,838
Other accounts receivable	121,912	-	-	-	121,912
Court fines receivable	42,157	-	-	-	42,157
Intergovernmental receivable	439,008	-	-	-	439,008
Due from other funds	-	1,772	-	-	1,772
Inventory	95,122	-	-	-	95,122
Prepaid expenses	79,118	-	-	-	79,118
MODAG receivable	157,188	-	-	-	157,188
Restricted cash and cash equivalents	1,526,505	206,530	-	36,912	1,769,947
Restricted investments	733,411	-	-	-	733,411
TOTAL ASSETS	\$ 6,135,278	\$ 208,302	\$ -	\$ 36,912	\$ 6,380,492
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 534,413	\$ -	\$ -	\$ 36,912	\$ 571,325
Accrued expenses	38,063	-	-	-	38,063
Court bonds payable	3,437	-	-	-	3,437
Due to other funds	14,163	-	-	-	14,163
Deposits payable	26,328	-	-	-	26,328
Other payables	14,296	-	-	-	14,296
Deferred revenue	89,418	-	-	-	89,418
TOTAL LIABILITIES	720,118	-	-	36,912	757,030
Fund Balances					
Nonspendable - not in spendable form:					
Inventory	95,122	-	-	-	95,122
Prepaid Items	79,118	-	-	-	79,118
Restricted for:					
Economic development	281,316	-	-	-	281,316
Parks and recreation	1,383	-	-	-	1,383
Police	1,001	-	-	-	1,001
Fire	1,559	-	-	-	1,559
Streets	713,911	-	-	-	713,911
Cemetery capital improvements	15,597	-	-	-	15,597
Cemetery perpetual care	126,785	-	-	-	126,785
Library	499	-	-	-	499
Capital improvements	213,593	-	-	-	213,593
Debt service	746,080	208,302	-	-	954,382
Assigned for:					
Capital improvements	500,000	-	-	-	500,000
Unassigned	2,639,196	-	-	-	2,639,196
TOTAL FUND BALANCES	5,415,160	208,302	-	-	5,623,462
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,135,278	\$ 208,302	\$ -	\$ 36,912	\$ 6,380,492

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
 NET ASSETS
 March 31, 2012

Fund balance - total governmental funds	\$ 5,623,462
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	94,528,615
Less accumulated depreciation	<u>(56,477,457)</u>
	38,051,158
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(66,022)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(4,067,781)
Unamortized issuance costs on certificates of participation	170,675
Adjustment of deferred revenue	<u>89,418</u>
Net assets of governmental activities	<u><u>\$ 39,800,910</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, 2012

	General Fund	Tax Increment Financing #1 Fund	Tax Increment Financing #2 Fund	Tax Increment Financing #3 Fund	Total Governmental Funds
REVENUES					
Taxes	\$ 8,780,239	\$ 24,999	\$ 244,880	\$ 104,402	\$ 9,154,520
Licenses and permits	96,252	-	-	-	96,252
Intergovernmental revenues	1,547,718	-	-	-	1,547,718
Charges for services	1,606,329	-	-	-	1,606,329
Miscellaneous	126,926	775	-	-	127,701
TOTAL REVENUES	12,157,464	25,774	244,880	104,402	12,532,520
EXPENDITURES					
Current					
Administrative	2,024,618	-	-	-	2,024,618
Safety	15,286	-	-	-	15,286
Engineering	318,264	-	-	-	318,264
Building official	70,144	-	-	-	70,144
City attorney	97,127	-	-	-	97,127
Court	118,505	-	-	-	118,505
Police	1,677,381	-	-	-	1,677,381
Animal control	59,918	-	-	-	59,918
Emergency management	42,299	-	-	-	42,299
Fire	786,733	-	-	-	786,733
Airport	534,658	-	-	-	534,658
Street	3,015,680	-	-	-	3,015,680
Cemetery	97,650	-	-	-	97,650
Construction	130,856	-	-	-	130,856
Shop	65,547	-	-	-	65,547
Health	23,000	-	-	-	23,000
City hall complex	103,300	-	-	-	103,300
City beautification	3,823	-	-	-	3,823
Economic development	956,724	-	-	-	956,724
Tourist development	126,344	-	-	-	126,344
Parks and recreation	614,968	-	-	-	614,968
Golf	327,267	-	-	-	327,267
Transit	232,072	-	-	-	232,072
Library	540,004	-	-	-	540,004
Civic center	617,475	-	-	-	617,475
Galloway park department	9,918	-	-	-	9,918
Senior citizens	27,530	-	-	-	27,530
Other	-	56,996	244,880	104,402	406,278
TOTAL EXPENDITURES	12,637,091	56,996	244,880	104,402	13,043,369
(DEFICIT) OF REVENUES OVER EXPENDITURES	(479,627)	(31,222)	-	-	(510,849)
FUND BALANCE, April 1	5,894,787	239,524	-	-	6,134,311
FUND BALANCE, March 31	\$ 5,415,160	\$ 208,302	\$ -	\$ -	\$ 5,623,462

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, 2012

Net change in fund balances - total governmental funds \$ (510,849)

Amounts reported for governmental activities in the statement
 of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of 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.

Capital outlay	2,025,558
Depreciation	(2,986,362)
	<u>(960,804)</u>

Some revenues reported in the governmental funds represent current financial resources and were recognized in the statement of activities when earned. (9,100)

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.

Repayment of principal on COPs and leases	1,155,000
Amortization of COP issuance costs	(12,190)
Accrued interest payable	17,806
	<u>1,160,616</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. (1,610)

Change in net assets of governmental activities \$ (321,747)

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF NET ASSETS – ENTERPRISE FUND
March 31, 2012

	Utility Fund	
	March 31,	
	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 13,162,548	\$ 8,980,282
Investments	-	3,000,000
Utilities receivable, net	1,731,115	1,773,713
Other accounts receivable	229,889	319,510
Due from other funds	12,391	-
Inventory	1,315,383	1,298,489
Prepaid expenses	56,871	42,463
TOTAL CURRENT ASSETS	16,508,197	15,414,457
Restricted Assets		
Cash and cash equivalents	1,709,366	2,750,053
Investments	1,241,993	1,245,119
Deferred Debt Issuance Costs	233,698	200,154
Property, Plant and Equipment	70,734,214	68,713,578
Less accumulated depreciation	(24,851,645)	(23,040,777)
TOTAL PROPERTY, PLANT AND EQUIPMENT	45,882,569	45,672,801
TOTAL ASSETS	65,575,823	65,282,584
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	1,029,355	1,292,481
Accrued expenses	107,850	97,977
Accrued interest payable	86,553	118,629
Due to other funds	-	3,988
Meter deposits payable	483,294	451,270
Current maturities of long-term debt	929,074	842,082
TOTAL CURRENT LIABILITIES	2,636,126	2,806,427
Long-Term Liabilities		
Revenue bonds payable	10,017,929	10,858,569
Certificates of participation payable	2,259,110	2,261,839
Lease payable	104,464	153,538
Compensated absences payable	129,878	133,639
TOTAL LONG-TERM LIABILITIES	12,511,381	13,407,585
TOTAL LIABILITIES	15,147,507	16,214,012
Net Assets		
Invested in capital assets, net of related debt	32,571,992	32,843,814
Restricted	2,468,065	2,410,399
Unrestricted	15,388,259	13,814,359
TOTAL NET ASSETS	\$ 50,428,316	\$ 49,068,572

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – ENTERPRISE FUND
Year Ended March 31, 2012

	Year Ended March 31,	
	2012	2011
OPERATING REVENUES		
Charges for services		
Electric	\$ 14,608,146	\$ 14,571,311
Water	2,106,189	2,104,214
Sewer	1,775,888	1,724,300
Refuse	1,888,171	1,922,632
Stormwater	184,796	184,687
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	20,563,190	20,507,144
OPERATING EXPENSES		
Electric		
Wages and benefits	626,878	599,381
Franchise fees	1,429,550	1,430,524
Engineering	4,535	20,740
Purchased power	9,905,941	9,962,642
Utilities	6,034	5,377
Other operating expenses	644,132	629,657
Depreciation	857,769	850,171
Water		
Wages and benefits	345,190	333,370
Engineering	160	50
Utilities	164,181	148,163
Other operating expenses	242,340	192,127
Depreciation	462,591	433,677
Sewer		
Wages and benefits	437,013	410,243
Utilities	90,919	94,815
Other operating expenses	152,353	114,310
Depreciation	392,790	371,537
Refuse		
Wages and benefits	753,872	724,862
Landfill service	493,942	494,107
Refuse utilities	12,870	15,078
Other operating expenses	365,962	306,372
Depreciation	175,105	166,835
Engineering		
Wages and benefits	126,154	116,945
Other operating expenses	240	220
Depreciation	136	1,414
Shop		
Wages and benefits	48,227	49,204
Depreciation	1,299	1,299

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – ENTERPRISE FUND
(CONTINUED)
Year Ended March 31, 2012

	Year Ended March 31,	
	2012	2011
Storm Water Engineering		
Wages and benefits	62,471	63,127
Other operating expenses	13,826	12,019
Depreciation	5,374	2,570
Administration and Warehouse		
Wages and benefits	595,527	610,985
Insurance	160,486	191,983
Utilities	58,294	61,958
Other operating expenses	220,952	221,371
Depreciation	8,092	6,176
	TOTAL OPERATING EXPENSES	18,643,309
	OPERATING INCOME	1,863,835
NONOPERATING REVENUES (EXPENSES)		
Interest income	155,394	178,113
Other revenue	56,885	18,000
Interest expense	(538,698)	(670,625)
Loss on disposal of equipment	(11,822)	(12,127)
	TOTAL NONOPERATING REVENUES (EXPENSES)	(486,639)
	NET INCOME	1,377,196
NET ASSETS, April 1	49,068,572	47,691,376
NET ASSETS, March 31	\$ 50,428,316	\$ 49,068,572

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF CASH FLOWS – ENTERPRISE FUND
Year Ended March 31, 2012

	Utility Fund	
	Year Ended March 31,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 20,727,433	\$ 20,473,930
Cash paid to suppliers	(14,261,145)	(13,879,127)
Cash paid to employees	(2,989,220)	(2,883,684)
Other cash received for nonoperating revenues	45,063	5,873
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,522,131	3,716,992
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of loans (to) other funds	(16,379)	(15,364)
NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES	(16,379)	(15,364)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(2,112,924)	(3,074,349)
Proceeds from sale of refunding bonds	6,260,000	-
Proceeds from lease	-	153,538
Payment of principal on long-term debt	(6,837,082)	(683,503)
Payment of interest expense	(832,687)	(660,558)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(3,522,693)	(4,264,872)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	155,394	178,113
Purchase of investments	-	(757,075)
Maturity of investments	3,003,126	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	3,158,520	(578,962)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,141,579	(1,142,206)
CASH AND CASH EQUIVALENTS, Beginning of year	11,730,335	12,872,541
CASH AND CASH EQUIVALENTS, End of year	14,871,914	11,730,335
LESS RESTRICTED CASH AND CASH EQUIVALENTS	1,709,366	2,750,053
UNRESTRICTED CASH AND CASH EQUIVALENTS	\$ 13,162,548	\$ 8,980,282
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 1,697,985	\$ 1,863,835
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,903,156	1,833,679
(Increase) decrease in:		
Receivables	132,219	(43,037)
Inventory	(16,894)	33,124
Prepaid expenses	(14,408)	20,542
Increase (decrease) in:		
Accounts payable	(263,126)	(31,280)
Compensated absences payable	(3,761)	13,978
Accrued expenses	9,873	10,455
Meter deposits payable	32,024	9,823
Other cash received for nonoperating revenues	45,063	5,873
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,522,131	\$ 3,716,992

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 Section 1600.131 (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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, 2011, 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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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:

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned and Assigned Fund Balance

The unassigned and assigned 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.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

New Pronouncement

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) effective for reporting periods beginning after June 15, 2010. The statement establishes fund balance classifications, provides for a hierarchy of spending constraints for spendable resources and requires disclosure of nonspendable and spendable resources. The City adopted GASB 54 for the current financial statements and has disclosed information about the fund balance reporting.

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance Classification

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on constraints imposed on the use of these resources as follows:

Nonspendable fund balance – This classification includes amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact.

Restricted fund balance – This classification reflects the constraints imposed on resources either a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the City Council – the government’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Council removes the specified use by taking the same type of action imposing the commitment.

Assigned fund balance – This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in the governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance – This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when a disbursement is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

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, 2012, 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, 2012, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit	6/20/2013 - 6/20/2016	\$ 1,900,341
Guaranteed Investment Contracts	1/1/2019 - 7/1/2021	74,578
U.S. Treasury Notes (SLGS) held by United Missouri Bank Corporate Trust Services	7/1/2020	485
		<u>\$ 1,975,404</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, 2012, all certificates of deposit are entirely insured or collateralized with securities.

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 \$348,199 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, 2012

NOTE D – RESTRICTED ASSETS

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

General Fund	Restricted Cash and Investments	Restricted Fund Balance
Cemetery perpetual care	\$ 126,785	\$ 126,785
Transportation tax	647,160	713,911
Capital projects	500,000	-
Economic development	175,791	281,316
Galloway park donations	550	550
Warden park donations	833	833
Canine unit donations	1,001	1,001
Fire alarms	1,559	1,559
Cemetery capital	15,597	15,597
Library	499	499
Police seized funds	14,296	-
Court bonds	3,437	-
Deposits held	26,328	-
2006 COP reserves	746,080	746,080
Capital improvements	-	213,593
	<u>\$ 2,259,916</u>	<u>\$ 2,101,724</u>
Special Revenue Funds		
Reserved/restricted for debt service	<u>\$ 243,442</u>	<u>\$ 208,302</u>
	Restricted Cash and Investments	Restricted Net Assets
Enterprise Fund		
2004 bond reserves	\$ 1,357,102	\$ 1,357,102
1996 bond reserves	101,787	101,787
2000 bond reserves	766,975	766,975
2010 bond reserves	212,154	212,154
Service deposits	483,294	-
Landfill closure	30,047	30,047
	<u>\$ 2,951,359</u>	<u>\$ 2,468,065</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2012

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>\$ 2,653,118</u>	<u>\$ 922,003</u>	<u>\$ 1,731,115</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>\$ 100,909</u>	<u>\$ 58,752</u>	<u>\$ 42,157</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>2011</u>
Real estate	\$ 105,551,363
Personal property	<u>31,689,367</u>
TOTAL	<u>\$ 137,240,730</u>
Tax Rate Per \$100 of Assessed Valuation	<u>2011</u>
General Fund	\$.2971
Library Fund	<u>.2000</u>
	<u>\$.4971</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2012

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

The legal debt margin at March 31, 2012, was computed as follows:

	<u>General Obligation Bonds</u>		
	<u>Ordinary (1)</u>	<u>Additional (2)</u>	<u>Total</u>
Constitutional Debt Limit	\$ 13,724,073	\$ 13,724,073	\$ 27,448,146
General Obligation Bonds Payable	-	-	-
LEGAL DEBT MARGIN	<u>\$ 13,724,073</u>	<u>\$ 13,724,073</u>	<u>\$ 27,448,146</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	\$ 73,116
West Plains Industrial Development Corporation	5%	14,500	12,810
West Plains Industrial Development Corporation	5%	19,319	45,136
West Plains Industrial Development Corporation	5%	10,228	26,126
			<u>\$ 157,188</u>

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

Long-term debt in the Enterprise Fund consists of 1996B Sewerage System Revenue Bonds, 2006 Waterworks System Refunding Revenue Bonds, 2011 Sewerage System Refunding Revenue 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, 2012, are listed in the following table:

Year Ended March 31,	Principal	Interest	Administrative Fee	Total
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>\$ 1,065,000</u>	<u>\$ 204,205</u>	<u>\$ 27,703</u>	<u>\$ 1,296,908</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2012

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, 2012, are listed in the following table:

<u>Year Ended March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 4,060,000</u>	<u>\$ 957,563</u>	<u>\$ 5,017,563</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2012

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

2011 Sewerage System Refunding Revenue Bonds:

On September 6, 2011, the City issued \$6,260,000 in Sewerage System Refunding Revenue Bonds, Series 2011. The bonds bear interest at 2.50% to 3.65%. 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. Bonds are callable on July 1, 2020, and at any time thereafter, under various provisions of the bond terms.

The annual debt service requirements to amortize the principal on the 2011 revenue bonds outstanding at March 31, 2012, are as follows:

Year Ended March 31,	Principal	Interest	Total
2013	\$ 375,000	\$ 179,050	\$ 554,050
2014	380,000	169,613	549,613
2015	385,000	160,050	545,050
2016	400,000	150,237	550,237
2017	410,000	140,113	550,113
2018	420,000	129,737	549,737
2019	430,000	119,113	549,113
2020	435,000	107,865	542,865
2021	450,000	95,242	545,242
2022	465,000	81,053	546,053
2023	480,000	65,452	545,452
2024	495,000	48,630	543,630
2025	1,095,000	19,984	1,114,984
	<u>\$ 6,220,000</u>	<u>\$ 1,466,139</u>	<u>\$ 7,686,139</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2012

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, 2012, are due as follows:

Year Ended March 31,	Principal	Interest	Interest Subsidy	Total
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>\$ 1,890,725</u>	<u>\$ (850,826)</u>	<u>\$ 3,249,899</u>

CITY OF WEST PLAINS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

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

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%.

Total annual minimum lease payments required at March 31, 2012, are as follows:

Year Ended March 31,	Principal	Interest	Total
2013	\$ 49,074	\$ 6,495	\$ 55,569
2014	51,150	4,419	55,569
2015	53,314	2,255	55,569
	<u>\$ 153,538</u>	<u>\$ 13,169</u>	<u>\$ 166,707</u>

A summary of the changes in long-term debt – business-type activities for the year ended March 31, 2012, is as follows:

	Balance March 31, 2011	Additions	Retirements	Balance March 31, 2012
Revenue Bonds				
1996B Series	\$ 1,215,000	\$ -	\$ 150,000	\$ 1,065,000
2004 Series	6,270,000	-	6,270,000	-
2006 Series	4,390,000	-	330,000	4,060,000
2011 Series	-	6,260,000	40,000	6,220,000
Deferred loss on debt refunding	(221,431)	(258,556)	(32,916)	(447,071)
	<u>11,653,569</u>	<u>6,001,444</u>	<u>6,757,084</u>	<u>10,897,929</u>
Certificates of Participation				
2010 Series	2,210,000	-	-	2,210,000
Premium on COP	51,839	-	2,729	49,110
	<u>2,261,839</u>	<u>-</u>	<u>2,729</u>	<u>2,259,110</u>
Lease	200,620	-	47,082	153,538
Compensated Absences	133,639	-	3,761	129,878
TOTAL	<u>\$ 14,249,667</u>	<u>\$ 6,001,444</u>	<u>\$ 6,810,656</u>	<u>\$ 13,440,455</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2012

NOTE I – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Long-term debt for governmental activities at March 31, 2012, 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, 2012, are listed in the following table:

Year Ended March 31,	Principal	Interest	Total
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>\$ 3,890,000</u>	<u>\$ 858,508</u>	<u>\$ 4,748,508</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2012

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, 2012, is as follows:

	Balance March 31, 2011	Additions	Retirements	Balance March 31, 2012
Certificates of Participation				
2006 Series	\$ 5,045,000	\$ -	\$ 1,155,000	\$ 3,890,000
Compensated absences payable	176,171	1,610	-	177,781
TOTAL	<u>\$ 5,221,171</u>	<u>\$ 1,610</u>	<u>\$ 1,155,000</u>	<u>\$ 4,067,781</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, 2012, is summarized below:

	Balance March 31, 2011	Additions	Retirements	Balance March 31, 2012
Tax Revenue Note	<u>\$ 814,509</u>	<u>\$ 159,509</u>	<u>\$ 153,465</u>	<u>\$ 820,553</u>

CITY OF WEST PLAINS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

NOTE L – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2012, was as follows:

Primary Government

	Balance March 31, 2011	Additions	Deletions	Balance March 31, 2012
Governmental Activities				
Non-Depreciable Capital Assets:				
Construction in progress	\$ 3,559,765	\$ 1,646,136	\$ 3,520,228	\$ 1,685,673
Land	2,863,526	-	-	2,863,526
Total Non-depreciable Capital Assets	<u>\$ 6,423,291</u>	<u>\$ 1,646,136</u>	<u>\$ 3,520,228</u>	<u>\$ 4,549,199</u>
Depreciable Capital Assets:				
Building and improvements	\$ 16,777,576	\$ 970,661	\$ -	\$ 17,748,237
Machinery and equipment	2,563,721	1,065,714	66,693	3,562,742
Vehicles	2,742,290	66,850	98,829	2,710,311
Infrastructure	63,990,194	1,973,630	67,995	65,895,829
Land improvements	5,985	56,312	-	62,297
Total Depreciable Capital Assets	86,079,766	<u>\$ 4,133,167</u>	<u>\$ 233,517</u>	89,979,416
Less Accumulated Depreciation	53,491,095	<u>\$ 3,219,878</u>	<u>\$ 233,516</u>	56,477,457
Total Depreciable Capital Assets, net	<u>\$ 32,588,671</u>			<u>\$ 33,501,959</u>

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

Administration	\$ 5,793
Engineering	18,525
Police	71,569
Animal control	11,975
Public safety	16,621
Fire	134,357
Airport	63,265
Street	2,259,261
Cemetery	5,461
Shop	17,392
City hall complex	104,859
Tourist development	3,955
Parks and recreation	206,138
Golf	5,273
Transit	14,826
Library	55,685
Civic center	224,923
	<u>\$ 3,219,878</u>

CITY OF WEST PLAINS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

NOTE L – CAPITAL ASSETS (continued)

	Balance March 31, 2011	Additions	Deletions	Balance March 31, 2012
Business-Type Activities				
Water				
Non-Depreciable Capital Assets:				
Land	\$ 166,752	\$ -	\$ -	\$ 166,752
Construction in progress	656,846	-	656,846	-
Total Non-Depreciable Capital Assets	823,598	<u>\$ -</u>	<u>\$ 656,846</u>	166,752
Depreciable Capital Assets:				
Buildings and improvements	102,044	\$ -	\$ -	102,044
Plant	15,375,006	2,026,236	-	17,401,242
Equipment	777,149	5,290	-	782,439
Transportation equipment	316,492	-	-	316,492
Total Depreciable Capital Assets	16,570,691	<u>\$ 2,031,526</u>	<u>\$ -</u>	18,602,217
Less Accumulated Depreciation	5,949,081	<u>\$ 477,492</u>	<u>\$ -</u>	6,426,573
Depreciable Capital Assets, net	10,621,610			12,175,644
Electric				
Non-Depreciable Capital Assets:				
Land	76,662	\$ -	\$ -	76,662
Construction in progress	1,006,117	-	1,006,117	-
Total Non-Depreciable Capital Assets	1,082,779	<u>\$ -</u>	<u>\$ 1,006,117</u>	76,662
Depreciable Capital Assets:				
Buildings and improvements	227,310	\$ -	\$ -	227,310
Plant	22,307,229	1,360,755	-	23,667,984
Equipment	2,342,162	122,340	-	2,464,502
Transportation equipment	1,370,978	-	-	1,370,978
Total Depreciable Capital Assets	26,247,679	<u>\$ 1,483,095</u>	<u>\$ -</u>	27,730,774
Less Accumulated Depreciation	10,081,711	<u>\$ 857,769</u>	<u>\$ -</u>	10,939,480
Depreciable Capital Assets, net	16,165,968			16,791,294

CITY OF WEST PLAINS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

NOTE L – CAPITAL ASSETS (continued)

	Balance March 31, 2011	Additions	Deletions	Balance March 31, 2012
Sewer				
Buildings and improvements	75,483	\$ -	\$ -	75,483
Plant	20,369,623	88,589	-	20,458,212
Equipment	852,642	10,000	35,405	827,237
Transportation equipment	90,121	21,415	-	111,536
Total Depreciable Capital Assets	21,387,869	\$ 120,004	\$ 35,405	21,472,468
Less Accumulated Depreciation	5,439,923	\$ 392,790	\$ 25,711	5,807,002
Depreciable Capital Assets, net	15,947,946			15,665,466
Refuse				
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	809,595	-	-	809,595
Transportation equipment	1,049,804	150,956	66,577	1,134,183
Total Depreciable Capital Assets	2,585,962	\$ 150,956	\$ 66,577	2,670,341
Less Accumulated Depreciation	1,570,062	\$ 175,105	\$ 66,577	1,678,590
Depreciable Capital Assets, net	1,015,900			991,751
Total Capital Assets, net	\$ 45,672,801			\$ 45,882,569

CITY OF WEST PLAINS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
March 31, 2012

NOTE L – CAPITAL ASSETS (continued)

Component Units

	Balance March 31, 2011	Additions	Deletions	Balance March 31, 2012
South 160 Community				
Improvement District				
Depreciable Capital Assets:				
Infrastructure	\$ 3,419,364	\$ 31,341	\$ -	\$ 3,450,705
Total Depreciable Capital Assets	3,419,364	\$ 31,341	\$ -	3,450,705
Less Accumulated Depreciation	299,940	\$ 68,387	\$ -	368,327
Depreciable Capital Assets, net	<u>\$ 3,119,424</u>			<u>\$ 3,082,378</u>
63 ByPass Community				
Improvement District				
Depreciable Capital Assets:				
Infrastructure	\$ 202,962	\$ 25,289	\$ -	\$ 228,251
Total Depreciable Capital Assets	202,962	\$ 25,289	\$ -	228,251
Less Accumulated Depreciation	6,900	\$ 4,059	\$ -	10,959
Depreciable Capital Assets, net	<u>\$ 196,062</u>			<u>\$ 217,292</u>
Southern Hills Community				
Improvement District				
Depreciable Capital Assets:				
Infrastructure	\$ 1,488,303	\$ 469,306	\$ -	\$ 1,957,609
Total Depreciable Capital Assets	1,488,303	\$ 469,306	\$ -	1,957,609
Less Accumulated Depreciation	3,363	\$ 29,766	\$ -	33,129
Depreciable Capital Assets, net	<u>\$ 1,484,940</u>			<u>\$ 1,924,480</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 30th statutorily required contribution rates are 13.6% (General), 13.2% (Police), and 16.6% (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	\$ 773,930
Interest on net pension obligation	1,290
Adjustment to annual required contribution	<u>(955)</u>
Annual pension cost	774,265
Actual contributions	<u>719,755</u>
Increase in NPO	54,510
NPO beginning of year	<u>17,194</u>
NPO end of year	<u><u>\$ 71,704</u></u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2012

NOTE M – EMPLOYEE PENSION PLAN (continued)

The annual required contribution (ARC) was determined as part of the February 28, 2009, annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2011, included (a) a rate of return on the investment of present and future assets of 7.25% per year, compounded annually, (b) projected salary increases of 3.5% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on 75% of the RP-2000 Combined Healthy table set back 0 years for men and 0 years for women, and (e) post-retirement mortality based on 105% of the 1994 Group Annuity Mortality table set back 0 years for men and 0 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period as of February 28, 2009, was 30 years for the General division, 30 years for the Police division, and 18 years for the Fire division. The amortization period as of February 28, 2010, was 30 years for the General division, 30 years for the Police division, and 6 years for the Fire division.

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2009	\$ 702,092	100.0%	\$ -
2010	661,292	97.4%	17,194
2011	774,265	93.0%	71,704

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

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/28/2011	\$ 11,070,239	\$ 14,361,686	\$ 3,291,447	77%	\$ 5,474,435	60%

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, 2012, consisted of the following:

	General Fund	Tax Increment Financing Funds	Utility Fund
Internal balances	\$ (14,163)	\$ 1,772	\$ 12,391

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, 2012, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

NOTE P – DEFERRED DEBT ISSUANCE COSTS

The City’s 2006 and 2011 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, 2012

NOTE P – DEFERRED DEBT ISSUANCE COSTS (continued)

A summary of the changes in the deferred debt issuance costs for the year ended March 31, 2012, is listed below:

	Balance March 31, 2011	Additions	Amortization	Balance March 31, 2012
Utility Fund	\$ 200,154	\$ 46,439	\$ 12,895	\$ 233,698
Governmental Activities	\$ 182,865	\$ -	\$ 12,190	\$ 170,675

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, 2012, 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 LOSS

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.

On September 6, 2011, the City issued \$6,260,000 in Series 2011 Sewerage System Refunding Revenue Bonds with interest rates ranging from 2.50% to 3.65%. The City issued the bonds to refund \$5,955,000 of outstanding Series 2004 Sewerage System Revenue Bonds with interest rates ranging from 3.45% to 5.125%.

The advanced refunding resulted in the recognition of a deferred loss on refunding in the Utility Fund of \$258,556. The deferred loss is being amortized as an adjustment to interest expense over a period of 14 years.

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2012

NOTE R – DEBT REFUNDING LOSS (continued)

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

	Balance March 31, 2011	Additions	Amortization	Balance March 31, 2012
Utility Fund	<u>\$ 221,431</u>	<u>\$ 258,556</u>	<u>\$ 32,916</u>	<u>\$ 447,071</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 25, 2012.

Short-term activity for the year ended March 31, 2012, is summarized below:

	Balance March 31, 2011	Additions	Retirements	Balance March 31, 2012
Bond Anticipation Notes	<u>\$ 2,816,628</u>	<u>\$ -</u>	<u>\$ 73,176</u>	<u>\$ 2,743,452</u>

NOTE T – PLEDGED REVENUES

The City has pledged future water and sewer customer revenues to repay the 1996B, 2006 and 2011 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 \$14,000,610. Principal and interest paid for the current year and total customer net revenues were \$1,267,643 and \$3,601,141, 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 \$4,748,508.

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 \$820,553 with interest payable at 7.0% per annum.

NOTE U – BOND REFUNDING

On September 6, 2011, the City issued \$6,260,000 in Sewerage System Refunding Revenue Bonds, Series 2011, with interest rates ranging from 2.50% to 3.65%. The City issued the bonds to create an advance refunding of \$5,955,000 of outstanding Series 2004 Sewerage System Revenue Bonds maturing from July 1, 2012, to July 1, 2024, with interest rates between 3.45% and 5.625%.

As a result of the refunding, the City reduced its total debt service requirements by \$416,154, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$342,396.

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, 2012, consists of the following:

Court fines	\$ 42,157
Golf course memberships	30,535
Other	16,726
	<u>89,418</u>
	<u>\$ 89,418</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, 2012, the City has paid the developer \$131,844, leaving a remaining balance of \$368,156.

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, 2012, is \$156,189. The City is only obligated if taxes are collected, and through November 2029.

NOTE X – COMMITMENT

On April 23, 2012, Council approved the lease purchase of a gas engine for \$25,602.

NOTE Y – SUBSEQUENT EVENT

On August 20, 2012, Council passed a resolution to issue \$4,955,000 in Series 2012 Certificates of Participation (COPs). Of the amount issued, \$2,753,500 will be used to refund Series 2006 outstanding COPs. The closing date of this issue is scheduled for August 30, 2012.

NOTE Z – DEBT DEFEASANCE

On September 6, 2011, the City issued Series 2011 Sewerage System Bonds in the amount of \$6,260,000. The proceeds of this bond issue was for the purpose of creating an advance refunding the Series 2004 Sewerage System Revenue Bonds in the amount of \$5,955,000 maturing from July 1, 2012, to July 1, 2024. The City deposited bond proceeds totaling \$6,213,900 into an irrevocable escrow account at UMB Bank to earn interest and pay principal and interest due on the 2004 bonds as they mature. At March 31, 2012, the refunding escrow account held a balance of \$6,082,986 and the remaining bond principal due was \$5,955,000.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST PLAINS, MISSOURI
 SCHEDULE OF FUNDING PROGRESS
 Year Ended March 31, 2012

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
2/28/2009	\$ 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%
2/28/2011	11,070,239	14,361,686	3,291,447	77%	5,474,435	60%

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, 2011, 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, 2012

	Year Ended March 31,				
	2012			2011	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES					
Taxes					
Ad valorem taxes, penalties and interest	\$ 636,000	\$ 682,600	\$ 691,050	\$ 8,450	\$ 649,067
Surtax	56,500	56,500	71,462	14,962	65,248
Motor vehicle sales tax	108,000	108,000	116,209	8,209	109,532
Sales tax	2,720,325	2,763,512	2,780,573	17,061	2,745,606
Capital improvement sales tax	1,373,000	1,395,300	1,402,736	7,436	1,384,641
Transportation sales tax	1,313,128	1,367,628	1,344,718	(22,910)	1,323,519
State motor fuel tax	305,000	305,000	299,849	(5,151)	307,632
Franchise taxes	1,947,000	1,947,000	1,972,689	25,689	2,127,295
Hotel/motel taxes	72,000	72,000	81,650	9,650	68,672
Other taxes	12,500	12,500	19,303	6,803	16,913
	<u>8,543,453</u>	<u>8,710,040</u>	<u>8,780,239</u>	<u>70,199</u>	<u>8,798,125</u>
Licenses and Permits					
Liquor	11,700	11,700	10,728	(972)	11,010
Building permits	15,000	35,000	42,146	7,146	20,279
Business licenses	31,000	31,000	31,660	660	31,110
Other	9,100	9,100	11,718	2,618	10,625
	<u>66,800</u>	<u>86,800</u>	<u>96,252</u>	<u>9,452</u>	<u>73,024</u>
Intergovernmental Revenues					
Federal	1,169,157	1,207,457	811,818	(395,639)	760,467
State	56,000	55,433	51,162	(4,271)	41,704
Other	1,254,200	1,257,400	684,738	(572,662)	499,030
	<u>2,479,357</u>	<u>2,520,290</u>	<u>1,547,718</u>	<u>(972,572)</u>	<u>1,301,201</u>
Charges for Services					
Parks and recreation	145,400	130,970	135,642	4,672	146,366
Cemetery	20,000	20,000	21,225	1,225	24,455
Transit	28,600	28,600	28,955	355	29,846
Rental income	192,500	197,700	205,670	7,970	197,019
Concessions	152,700	140,100	155,186	15,086	138,339
Fuel sales	376,900	376,900	424,000	47,100	400,103
Golf	193,000	192,900	194,395	1,495	194,105
Fines and forfeitures	247,900	248,400	223,934	(24,466)	258,296
Civic Center	190,000	150,000	150,508	508	152,089
Other	61,000	61,000	66,814	5,814	55,483
	<u>1,608,000</u>	<u>1,546,570</u>	<u>1,606,329</u>	<u>59,759</u>	<u>1,596,101</u>
Miscellaneous					
Reimbursements	204,700	203,700	34,794	(168,906)	17,141
Interest	47,700	43,700	40,476	(3,224)	69,951
Donations and other contributions	31,600	42,200	18,558	(23,642)	22,880
Sale of property	500	6,100	14,334	8,234	305
Other	14,700	16,100	18,764	2,664	23,688
	<u>299,200</u>	<u>311,800</u>	<u>126,926</u>	<u>(184,874)</u>	<u>133,965</u>
TOTAL REVENUES	12,996,810	13,175,500	12,157,464	(1,018,036)	11,902,416

CITY OF WEST PLAINS, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
 Year Ended March 31, 2012

	Year Ended March 31,				2011 Actual
	2012			Variance With Final Budget	
	Original Budget	Final Budget	Actual		
EXPENDITURES					
Current					
Administrative	2,030,000	2,057,300	2,024,618	32,682	2,011,205
Safety	16,000	16,800	15,286	1,514	14,365
Engineering	305,180	322,630	318,264	4,366	269,100
Building official	68,812	76,112	70,144	5,968	48,538
City attorney	100,900	100,900	97,127	3,773	115,980
Court	121,150	128,450	118,505	9,945	112,177
Police	1,657,420	1,704,300	1,677,381	26,919	1,591,228
Animal control	59,875	63,075	59,918	3,157	58,346
Emergency management	40,650	44,950	42,299	2,651	37,635
Fire	752,850	755,050	786,733	(31,683)	748,945
Airport	522,305	525,205	534,658	(9,453)	598,221
Street	4,314,853	4,345,153	3,015,680	1,329,473	1,999,258
Cemetery	104,300	104,800	97,650	7,150	82,068
Construction	134,700	133,400	130,856	2,544	114,893
Shop	67,525	66,475	65,547	928	55,158
Health	22,825	22,825	23,000	(175)	23,008
City hall complex	90,550	86,650	103,300	(16,650)	373,165
City beautification	4,700	4,700	3,823	877	3,440
Economic development	737,450	741,150	956,724	(215,574)	346,128
Tourist development	131,084	131,484	126,344	5,140	121,446
Parks and recreation	888,940	906,540	614,968	291,572	667,338
Golf	336,635	334,235	327,267	6,968	314,669
Transit	200,200	184,060	232,072	(48,012)	156,031
Library	560,280	561,530	540,004	21,526	553,969
Civic center	596,400	612,200	617,475	(5,275)	914,213
Galloway park department	12,360	12,360	9,918	2,442	12,607
Senior citizens	25,730	25,730	27,530	(1,800)	31,355
TOTAL EXPENDITURES	13,903,674	14,068,064	12,637,091	1,430,973	11,374,486
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(906,864)	(892,564)	(479,627)	412,937	527,930
FUND BALANCE, April 1	5,894,787	5,894,787	5,894,787	-	5,366,857
FUND BALANCE, March 31	\$ 4,987,923	\$ 5,002,223	\$ 5,415,160	\$ 412,937	\$ 5,894,787

CITY OF WEST PLAINS, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – TAX INCREMENT FINANCING #1 FUND
 Year Ended March 31, 2012

	Year Ended March 31,				
	2012			2011	
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES					
Taxes					
Sales taxes	\$ 26,000	\$ 26,000	\$ 24,999	\$ (1,001)	\$ 24,055
Miscellaneous					
Interest	1,000	1,000	775	(225)	1,058
TOTAL REVENUES	27,000	27,000	25,774	(1,226)	25,113
EXPENDITURES					
Current					
Miscellaneous	253,800	253,800	56,996	196,804	37,884
TOTAL EXPENDITURES	253,800	253,800	56,996	196,804	37,884
(DEFICIT) OF REVENUES OVER EXPENDITURES	(226,800)	(226,800)	(31,222)	195,578	(12,771)
FUND BALANCE, April 1	239,524	239,524	239,524	-	252,295
FUND BALANCE, March 31	\$ 12,724	\$ 12,724	\$ 208,302	\$ 195,578	\$ 239,524

CITY OF WEST PLAINS, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – TAX INCREMENT FINANCING #2 FUND
 Year Ended March 31, 2012

	Year Ended March 31,				2011
	2012				
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES					
Taxes					
Sales taxes	\$ 238,000	\$ 247,200	\$ 244,880	\$ (2,320)	\$ 202,998
TOTAL REVENUES	238,000	247,200	244,880	(2,320)	202,998
EXPENDITURES					
Current					
Miscellaneous	238,000	247,200	244,880	2,320	202,998
TOTAL EXPENDITURES	238,000	247,200	244,880	2,320	202,998
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, 2012

	Year Ended March 31,				2011 Actual
	2012			Variance With Final Budget	
	Original Budget	Final Budget	Actual		
REVENUES					
Taxes					
Sales taxes	\$ 86,700	\$ 104,500	\$ 104,402	\$ (98)	\$ 89,437
TOTAL REVENUES	86,700	104,500	104,402	(98)	89,437
EXPENDITURES					
Current					
Miscellaneous	86,700	104,500	104,402	98	89,437
TOTAL EXPENDITURES	86,700	104,500	104,402	98	89,437
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, 2012

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, 2012

	Utility Fund				
	Electric	Water	Sewer	Refuse	Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 8,851,210	\$ 1,403,755	\$ 2,285,773	\$ 621,810	\$ 13,162,548
Utilities receivable, net	1,223,442	170,040	173,762	163,871	1,731,115
Other accounts receivable	213,343	7,449	5,501	3,596	229,889
Internal balances	(6,970)	19,361	-	-	12,391
Inventory	1,046,331	269,052	-	-	1,315,383
Prepaid expenses	23,761	14,366	12,559	6,185	56,871
TOTAL CURRENT ASSETS	11,351,117	1,884,023	2,477,595	795,462	16,508,197
Restricted Assets					
Cash and cash equivalents	242,431	832,314	604,574	30,047	1,709,366
Investments	-	579,000	662,993	-	1,241,993
TOTAL RESTRICTED ASSETS	242,431	1,411,314	1,267,567	30,047	2,951,359
Deferred Debt Issuance Costs	-	95,777	137,921	-	233,698
Property, Plant and Equipment	27,807,436	18,768,969	21,472,468	2,685,341	70,734,214
Less accumulated depreciation	(10,939,480)	(6,426,573)	(5,807,002)	(1,678,590)	(24,851,645)
TOTAL PROPERTY, PLANT AND EQUIPMENT	16,867,956	12,342,396	15,665,466	1,006,751	45,882,569
TOTAL ASSETS	28,461,504	15,733,510	19,548,549	1,832,260	65,575,823
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	771,957	103,021	51,456	102,921	1,029,355
Accrued expenses	57,701	18,992	13,815	17,342	107,850
Accrued interest payable	-	20,584	65,969	-	86,553
Meter deposits payable	242,431	224,240	16,623	-	483,294
Current maturities of long-term debt	-	350,000	579,074	-	929,074
TOTAL CURRENT LIABILITIES	1,072,089	716,837	726,937	120,263	2,636,126
Long-Term Liabilities					
Revenue bonds payable	-	3,510,712	6,507,217	-	10,017,929
Certificates of Participation payable	-	2,259,110	-	-	2,259,110
Lease payable	-	-	104,464	-	104,464
Compensated absences payable	41,605	21,672	34,218	32,383	129,878
TOTAL LONG-TERM LIABILITIES	41,605	5,791,494	6,645,899	32,383	12,511,381
TOTAL LIABILITIES	1,113,694	6,508,331	7,372,836	152,646	15,147,507
Net Assets					
Invested in capital assets, net of related debt	16,867,956	6,222,574	8,474,711	1,006,751	32,571,992
Restricted	-	1,187,074	1,250,944	30,047	2,468,065
Unrestricted	10,479,854	1,815,531	2,450,058	642,816	15,388,259
TOTAL NET ASSETS	\$ 27,347,810	\$ 9,225,179	\$ 12,175,713	\$ 1,679,614	\$ 50,428,316

CITY OF WEST PLAINS, MISSOURI
 UTILITY REVENUE AND EXPENSE SCHEDULE BY DEPARTMENT
 Year Ended March 31, 2012

		Utility Fund				
		Revenues	Expenses	Revenues over Expenses	Less Overhead	Net Income
66%	Electric	\$ 14,629,678	\$ 13,689,095	\$ 940,583	\$ 804,809	\$ 135,774
20%	Water	2,138,414	887,948	1,250,466	243,882	1,006,584
7%	Sewer	2,076,156	2,002,944	73,212	85,359	(12,147)
7%	Refuse	1,931,221	1,616,329	314,892	85,359	229,533
		<u>\$ 20,775,469</u>	<u>\$ 18,196,316</u>	<u>\$ 2,579,153</u>	<u>\$ 1,219,409</u>	<u>\$ 1,359,744</u>
OVERHEAD						
	Warehouse		\$ 132,166	\$ (132,166)		
	Administration		897,721	(897,721)		
	Safety		13,467	(13,467)		
	Engineering		126,529	(126,529)		
	Shop		49,526	(49,526)		
			<u>1,219,409</u>	<u>(1,219,409)</u>		
GRAND TOTALS		<u>\$ 20,775,469</u>	<u>\$ 19,415,725</u>	<u>\$ 1,359,744</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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 23, 2012. 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

Management of the City of West Plains, Missouri, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's 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 the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's 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 23, 2012.

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 23, 2012



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 programs for the year ended March 31, 2012. 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, 2012.

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 23, 2012

CITY OF WEST PLAINS, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended March 31, 2012

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	\$ 240,443 <u>225,567</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			466,010
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Direct Economic Development Administration Grant	11.301	N/A	<u>302,018</u>
TOTAL U.S. DEPARTMENT OF COMMERCE			302,018
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Missouri Department of Public Safety Edward Byrne Memorial Justice Assistance Grant	16.738	2009-JAG-024 2010-JAG-029	53,430 128,871
ARRA - Edward Byrne Memorial Justice Assistance Grant	16.803	2009-JAG-RA-063	79,009
Local Law Enforcement Block Grant	16.000	2011-LLEBG-080	9,000
Cape Girardeau County Public Safety Partnership and Community Policing	16.710	2010CKWX0183	<u>28,038</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			298,348
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
State Emergency Management Agency Emergency Management Performance Grant	97.042	N/A	20,311
Homeland Security Grant Program	97.067	2008-GE-T8-0014	20,271
Disaster Grant - Public Assistance	97.036	FEMA 1980-DR-MO	131,053
State Homeland Security Grant Program	97.073	2009-SS-T9-0062	24,898
Direct Assistance to Firefighters Grant	97.044	N/A	<u>38,655</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			235,188
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Missouri Department of Transportation State and Community Highway Safety	20.600	12-PT-02-107	2,044
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	11-PT-02-139 12-K8-03-091 11-K8-03-111	3,905 392 2,731
Airport Improvement Program	20.106	AIRE-055-104C AIRE-11-104C-1	26,742 11,588
Highway Planning and Construction	20.205	SRTS-INF-H109(004)	2,037
Formula Grants	20.509	N/A	335
New Freedom Program	20.521	MO-57-0002	21,101
University of Central Missouri State and Community Highway Safety	20.600	SAF014	485
Missouri Highways and Transportation Commission Formula Grants	20.509	TSTOAG11WP1	<u>71,766</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>143,126</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,444,690</u></u>

N/A - Not Applicable

CITY OF WEST PLAINS, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended March 31, 2012

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, 2012

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

Economic Development Administration Grant	11.301
Community Development Block Grant	14.228
10. The threshold for determining Type A programs was \$300,000.
11. 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, 2012

There were no prior audit findings.