

CITY OF WEST PLAINS, MISSOURI
BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2013

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DAVIS, LYNN &
MOOTS, P.C.
Certified Public
Accountants

LARRY M. BROWN, CPA
LAWRENCE W. DAVIS, CPA
ANTHONY D. LYNN, CPA
RANDALL G. MOOTS, CPA
ANGELA M. PATRICK, CPA
ANDREW A. MARMOUGET, CPA

3828 SOUTH AVENUE
SPRINGFIELD, MO 65807
(417) 882-0904
FAX (417) 882-4343

www.dlmcpa.com
e-mail: cpa@dlmcpa.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the City of West Plains, Missouri, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the City's 2012 financial statements and, in our report dated August 23, 2012, we expressed an unmodified opinion on the basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the City of West Plains, Missouri, as of March 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information and Schedule 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.

As discussed in Note A to the basic financial statements, the City adopted the provisions of GASB statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* and GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities* during the year ended March 31, 2013.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Plains, Missouri's basic financial statements. The Other Financial Information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The Other Financial Information 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 basic financial statements or to the basic 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 basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2013, on our consideration of the City of West Plains, Missouri's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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* in considering the City of West Plains, Missouri's internal control over financial reporting and compliance.

Davis, Lynn; Moots, PC

DAVIS, LYNN & MOOTS, P.C.
August 28, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2013

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, 2013. Please read it in conjunction with the City's financial statements, which begin on page 15.

Financial Highlights

- The net position of the City's governmental activities decreased by \$812,282 as a result of current year activities. The net position of the City's business activities increased by \$475,540 for the year.
- The assets of the City exceeded its liabilities as of March 31, 2013, by \$89.5 million (net position). 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 increased by \$1,411,106.
- The City has a half-cent transportation sales tax. This tax was originally passed by voters in 2002 and was extended through 2017 on April 5, 2011, with an overwhelming vote of 79% in favor of the tax. 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 tax purposes. During FY13, \$821,852 was expended for road construction and repairs, leaving a balance of \$1,176,659 that will be carried forward for funding of future projects.
- In April 2012, voters approved an 11 year extension of a half-cent capital improvement tax, allowing the collection of the tax to continue through December 2023. Funds generated through this tax are to be used for capital improvements within the City, including acquisition of playground equipment; improvements to City parks; additions and improvements to City sidewalks, trails and bike paths; construction and furnishing of a new fire station; purchase of a new fire truck; construction of a Transit System Bus Barn; rehab or construction of a Butler Park Building; and providing some costs of operation and maintenance of capital improvements made with revenues raised by such tax.
- The City received an A issuer credit rating and an A- rating for series 2012 certificates of participation issued in August 2012. These certificates were issued for the purpose of completing a portion of the capital improvement projects listed above and to provide funds to refund \$2.645 million of the outstanding COPs series 2006. Although a specific source of revenue may not be pledged to the certificates, the City intends to pay the debt service from the capital improvement sales tax.
- The City was awarded approximately \$481,000 in grant revenue during the fiscal year. Many areas of the City received benefit from these funds including the airport, transit system, police, local drug task force, library and emergency management.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2013

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position 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 Position 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 position and changes in it. The City's net position – the difference between assets and liabilities – is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position 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 Position 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, 2013

- 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 Position 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 POSITION

The following table presents the condensed Statement of Net Position for the City as of March 31, 2013 and 2012:

	Governmental Activities	Business-Type Activities	Total March 31, 2013	Total March 31, 2012
Current and other assets	\$ 8,733,992	\$ 20,049,990	\$ 28,783,982	\$ 25,825,885
Capital assets	35,784,022	45,390,845	81,174,867	83,933,727
TOTAL ASSETS	44,518,014	65,440,835	109,958,849	109,759,612
Other liabilities	541,899	3,183,571	3,725,470	4,600,597
Long-term liabilities	5,158,162	11,587,106	16,745,268	15,334,162
TOTAL LIABILITIES	5,700,061	14,770,677	20,470,738	19,934,759
Net position:				
Net investment in capital assets	30,824,189	32,971,459	63,795,648	66,733,150
Restricted	4,781,889	2,426,410	7,208,299	4,778,091
Unrestricted	3,211,875	15,272,289	18,484,164	18,313,612
TOTAL NET POSITION	\$ 38,817,953	\$ 50,670,158	\$ 89,488,111	\$ 89,824,853

Total net position of the City decreased by \$336,742 for the year due to current year activity. Total liabilities for the City have decreased by \$535,979. Restricted net position of the City totaled \$7 million as of March 31, 2013. 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, 2013

CHANGES IN NET POSITION

	Governmental Activities	Business-Type Activities	Total March 31, 2013	Total March 31, 2012
REVENUES				
Program Revenues				
Charges for services	\$ 1,628,092	\$ 20,963,885	\$ 22,591,977	\$ 22,270,405
Operating grants and contributions	388,677	-	388,677	494,750
Capital grants and contributions	101,265	-	101,265	1,104,100
General Revenues				
Sales taxes	5,919,810	-	5,919,810	5,902,307
Ad valorem taxes	725,387	-	725,387	691,050
Motor vehicle and gas taxes	428,487	-	428,487	416,057
Other taxes	176,683	-	176,683	172,415
Franchise taxes	2,029,550	-	2,029,550	1,972,689
Interest	34,640	137,439	172,079	196,644
Other revenue	53,985	6,216	60,201	78,472
TOTAL REVENUES	11,486,576	21,107,540	32,594,116	33,298,889
EXPENSES				
Administrative	722,958	-	722,958	851,503
Safety	16,056	-	16,056	15,756
Engineering	228,706	-	228,706	325,777
Building official	69,227	-	69,227	58,088
City attorney	87,082	-	87,082	97,127
Court	122,603	-	122,603	118,767
Police	1,677,256	-	1,677,256	1,710,825
Animal control	54,211	-	54,211	70,975
Emergency management	37,644	-	37,644	42,299
Public safety	12,297	-	12,297	16,621
Fire	871,186	-	871,186	863,627
Airport	623,835	-	623,835	569,876
Street	3,290,950	-	3,290,950	3,318,698
Cemetery	108,098	-	108,098	92,187
Construction	135,093	-	135,093	121,531
Shop	123,850	-	123,850	83,077
Health	23,001	-	23,001	23,000
City hall complex	212,556	-	212,556	193,766
City beautification	5,689	-	5,689	3,823
Economic development	174,612	-	174,612	957,438
Tourist development	103,648	-	103,648	130,290
Parks and recreation	793,181	-	793,181	785,273
Golf	347,361	-	347,361	334,557
Transit	178,397	-	178,397	166,744
Library	632,410	-	632,410	597,304
Civic center	960,839	-	960,839	840,322
Galloway park department	17,247	-	17,247	9,918
Senior citizens	59,305	-	59,305	27,530
Other	376,601	-	376,601	406,278
Debt service	232,959	-	232,959	12,190
Water	-	1,620,551	1,620,551	1,568,447
Sewer	-	1,395,905	1,395,905	1,427,060
Electric	-	15,402,517	15,402,517	14,395,201
Refuse	-	1,925,404	1,925,404	1,890,247
Storm water engineering	-	287,623	287,623	134,770
TOTAL EXPENSES	12,298,858	20,632,000	32,930,858	32,260,892
INCREASE (DECREASE) IN NET POSITION	\$ (812,282)	\$ 475,540	\$ (336,742)	\$ 1,037,997

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2013**

Governmental Activities

Governmental activities decreased the net position of the City by \$812,282. Tax revenues for the City were \$9,279,917, which represents 81% of the funding of these activities. Program revenues for the functions totaled \$2,118,034 or only 18% 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	\$ 722,958	\$ 590,901
Police	1,677,256	1,677,256
Fire	871,186	871,186
Airport	623,835	114,504
Street	3,290,950	3,290,950
Golf	347,361	107,738
Parks and Recreation	793,181	515,307
Library	632,410	601,040
Civic Center	960,839	730,918
Other Governmental Activities	2,378,882	1,681,024
	<u>\$ 12,298,858</u>	<u>\$ 10,180,824</u>

Business-Type Activities

Business-type activities increased the City's net position by \$475,540. This is down from the increase received last year from the City's business-type activities. The increase in the prior year was \$1,359,744.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2013

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of March 31, 2013, were \$8,198,417. The General Fund increased by \$2,590,711. The Tax Increment Financing #1 Fund decreased \$15,756. The Tax Increment Financing #2 Fund and the Tax Increment Financing #3 Fund did not change.

In August 2012, the City issued Certificates of Participation in the amount of \$4.955 million. This issue allowed the City to refund \$2.645 million of the outstanding COPs series 2006. The issuance cost for this issue was \$50,279. The net increase in the General Fund from this issue was \$2,259,721. The City also had an excess of revenues over expenditures in the amount of \$330,990, which when added with the increase in General Fund from the COPs series 2012, generated a total increase to the General Fund of \$2,590,711.

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 as necessary. Department heads recommend changes to budgeted expenditures as administration evaluates the revenue sources for necessary amendments. This information is reviewed by the City Administrator as to the effect the changes will have on expected cash flow. The amended budget is prepared and presented to Council for approval by ordinance in November at a public meeting.

The original General Fund revenue budget of \$12,584,658 was increased by \$4,766,976 for a total budget of \$17,351,634. \$4,963,000 was added to the revenue in anticipation of the Certificates of Participation series 2012 issuance. Budgeted sales tax revenue was reduced by \$203,600 as revenues received through September were below levels originally anticipated.

General Fund expenses were amended by \$3,283,152, from \$13,291,567 to \$16,574,719. The COPs series 2012 provided funds for the refunding of the COPs series 2006. The budget was increased by \$2,774,000 to cover the principal, interest and issuance cost of this issue and refunding. \$500,000 was added to the budget for Park equipment and sidewalk projects planned to be funded with the series 2012 during this fiscal year.

Capital Asset and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$35.8 million (net of accumulated depreciation) as of March 31, 2013. This represents a \$2.3 million decrease from the prior year due primarily to current year depreciation. Capital assets for business-type activities were \$45.4 million as of March 31, 2013. This represents a decrease of \$491,725 from the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2013

Debt Administration

Total debt of the governmental activities as of March 31, 2013, was \$5.2 million, which is up \$1,095,214 from the prior year. This is due to the issuance of the Series 2012 Certificates of Participation.

Total debt of the business-type activities as of March 31, 2013, was \$12.6 million, a decrease of \$882,200 from the prior year. This is primarily due to principal payments on the City's revenue bonds and certificates of participation.

Economic Factors and Next Year's Budget

The most notable item in the Business-Type activity budget for fiscal year 2014 is the anticipated increase in the cost of power to the City. With regulations changing on coal generated power, costs are likely to increase significantly, therefore \$1.5M was added to the budget for power purchases. This increase in power cost has been anticipated for some time and a reserve has been built to help cushion the citizens from a large, one-time fee increase. An increase of 4% in electric fees was initiated at the beginning of the fiscal year.

When beginning the budget process for the City General Fund, first consideration is always given to the anticipated sales tax revenue. Sales tax revenue for FY13 declined 2.47% from the previous year. When preparing the FY14 budget, sales tax was predicted to be equal with the prior year and the necessary reductions in expenditures were made in order to balance the budget. City Council continues to seek ways to provide services for the citizens efficiently and economically within the expected revenue base.

Several capital improvement projects have been included in this fiscal year General Fund budget. \$2.375 million in COPs series 2012 projects, including sidewalks, parks equipment and upgrades, ballfield upgrades, and a new fire station. The Transportation Tax restricted funds will be used to build a new bridge and several road projects totaling an estimated \$1.6 million.

Contacting the City's Financial Management

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

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

Tom Stehn, City Administrator
Dixie Williams, Finance Director

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF NET POSITION
March 31, 2013

	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	\$ 2,242,367	\$ 13,609,797	\$ 15,852,164	\$ 11,289	\$ 11,517	\$ 6,335	\$ 4,117
Investments - unrestricted	-	-	-	361,543	-	-	-
Taxes receivable	908,372	-	908,372	-	-	-	-
Utilities receivable, net	-	1,847,305	1,847,305	-	-	-	-
Other accounts receivable	54,725	172,336	227,061	-	1,560	-	249,600
Court fines receivable, net	48,582	-	48,582	-	-	-	-
Intergovernmental receivable	169,593	-	169,593	-	-	-	-
Internal balances	426	(426)	-	-	-	-	-
Inventory	64,102	1,451,862	1,515,964	-	-	-	-
Prepaid expenses	103,353	41,868	145,221	-	-	-	-
Noncurrent							
Restricted cash and cash equivalents	4,306,471	1,659,358	5,965,829	-	-	-	-
Restricted investments	707,514	1,267,890	1,975,404	-	-	-	-
MODAG receivable	128,487	-	128,487	-	-	-	-
Capital Assets:							
Non-depreciable	3,498,642	287,662	3,786,304	-	-	-	-
Depreciable, net	32,285,380	45,103,183	77,388,563	-	3,039,548	234,047	2,456,135
TOTAL ASSETS	44,518,014	65,440,835	109,958,849	372,832	3,052,625	240,382	2,709,852
LIABILITIES							
Current							
Accounts payable	398,621	1,533,983	1,932,604	-	28,797	4,610	-
Accrued expenses	56,172	98,527	154,699	-	-	1,625	2,125
Accrued interest payable	60,553	79,073	139,626	-	-	-	-
Court bonds payable	2,781	-	2,781	-	-	-	-
Deposits payable	4,643	500,838	505,481	-	-	-	-
Other payables	14,296	-	14,296	-	-	-	-
Bond anticipation notes payable	-	-	-	-	2,644,908	-	-
Tax revenue note payable	-	-	-	-	-	-	1,151,093
Current maturities of long-term debt	4,833	971,150	975,983	-	-	-	-
	541,899	3,183,571	3,725,470	-	2,673,705	6,235	1,153,218
Noncurrent							
Compensated absences payable	187,974	138,870	326,844	-	-	-	-
Certificates of participation	4,955,000	2,256,382	7,211,382	-	-	-	-
Lease payable	15,188	53,314	68,502	-	-	-	-
Revenue bonds payable	-	9,138,540	9,138,540	-	-	-	-
	5,158,162	11,587,106	16,745,268	-	-	-	-
TOTAL LIABILITIES	5,700,061	14,770,677	20,470,738	-	2,673,705	6,235	1,153,218
NET POSITION							
Net investment in capital assets	30,824,189	32,971,459	63,795,648	-	394,640	234,047	1,305,042
Restricted	4,781,889	2,426,410	7,208,299	-	-	-	-
Unrestricted	3,211,875	15,272,289	18,484,164	372,832	(15,720)	100	251,592
TOTAL NET POSITION	\$ 38,817,953	\$ 50,670,158	\$ 89,488,111	\$ 372,832	\$ 378,920	\$ 234,147	\$ 1,556,634

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF ACTIVITIES
Year Ended March 31, 2013

Functions/Programs	Net (Expenses), Revenues and Changes in Net Position											
	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	\$ (722,958)	\$ 123,244	\$ 8,813	\$ -	\$ (590,901)	\$ -	\$ (590,901)	\$ -	\$ -	\$ -	\$ -	
Safety	(16,056)	-	-	-	(16,056)	-	(16,056)	-	-	-	-	
Engineering	(228,706)	-	-	-	(228,706)	-	(228,706)	-	-	-	-	
Building official	(69,227)	20,848	-	-	(48,379)	-	(48,379)	-	-	-	-	
City attorney	(87,082)	-	-	-	(87,082)	-	(87,082)	-	-	-	-	
Court	(122,603)	-	-	-	(122,603)	-	(122,603)	-	-	-	-	
Police	(1,677,256)	-	-	-	(1,677,256)	-	(1,677,256)	-	-	-	-	
Animal control	(54,211)	-	-	-	(54,211)	-	(54,211)	-	-	-	-	
Emergency management	(37,644)	-	21,519	-	(16,125)	-	(16,125)	-	-	-	-	
Public safety	(12,297)	252,839	273,176	-	513,718	-	513,718	-	-	-	-	
Fire	(871,186)	-	-	-	(871,186)	-	(871,186)	-	-	-	-	
Airport	(623,835)	445,511	-	63,820	(114,504)	-	(114,504)	-	-	-	-	
Street	(3,290,950)	-	-	-	(3,290,950)	-	(3,290,950)	-	-	-	-	
Cemetery	(108,098)	22,698	-	-	(85,400)	-	(85,400)	-	-	-	-	
Construction	(135,093)	-	-	-	(135,093)	-	(135,093)	-	-	-	-	
Shop	(123,850)	-	-	-	(123,850)	-	(123,850)	-	-	-	-	
Health	(23,001)	-	-	-	(23,001)	-	(23,001)	-	-	-	-	
City hall complex	(212,556)	-	-	-	(212,556)	-	(212,556)	-	-	-	-	
City beautification	(5,689)	-	-	-	(5,689)	-	(5,689)	-	-	-	-	
Economic development	(174,612)	-	-	-	(174,612)	-	(174,612)	-	-	-	-	
Tourist development	(103,648)	-	-	-	(103,648)	-	(103,648)	-	-	-	-	
Parks and recreation	(793,181)	259,328	-	18,546	(515,307)	-	(515,307)	-	-	-	-	
Golf	(347,361)	239,623	-	-	(107,738)	-	(107,738)	-	-	-	-	
Transit	(178,397)	24,375	63,504	18,899	(71,619)	-	(71,619)	-	-	-	-	
Library	(632,410)	9,705	21,665	-	(601,040)	-	(601,040)	-	-	-	-	
Civic center	(960,839)	229,921	-	-	(730,918)	-	(730,918)	-	-	-	-	
Galloway park department	(17,247)	-	-	-	(17,247)	-	(17,247)	-	-	-	-	
Senior citizens	(59,305)	-	-	-	(59,305)	-	(59,305)	-	-	-	-	
Other	(376,601)	-	-	-	(376,601)	-	(376,601)	-	-	-	-	
Debt service	(232,959)	-	-	-	(232,959)	-	(232,959)	-	-	-	-	
TOTAL GOVERNMENTAL												
ACTIVITIES	(12,298,858)	1,628,092	388,677	101,265	(10,180,824)	-	(10,180,824)	-	-	-	-	

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF ACTIVITIES (CONTINUED)
Year Ended March 31, 2013

Functions/Programs	Net (Expenses), Revenues and Changes in Net Position										
	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	(1,620,551)	2,253,148	-	-	-	632,597	632,597	-	-	-	-
Sewer	(1,395,905)	1,796,054	-	-	-	400,149	400,149	-	-	-	-
Electric	(15,402,517)	14,808,188	-	-	-	(594,329)	(594,329)	-	-	-	-
Refuse	(1,925,404)	1,921,087	-	-	-	(4,317)	(4,317)	-	-	-	-
Storm water engineering	(287,623)	185,408	-	-	-	(102,215)	(102,215)	-	-	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	(20,632,000)	20,963,885	-	-	-	331,885	331,885	-	-	-	-
TOTAL PRIMARY GOVERNMENT	<u>\$ (32,930,858)</u>	<u>\$ 22,591,977</u>	<u>\$ 388,677</u>	<u>\$ 101,265</u>	(10,180,824)	331,885	(9,848,939)	-	-	-	-
Component Units											
West Plains Public Library Foundation	\$ (21,647)	\$ -	\$ 1,725	\$ -			(19,922)	-	-	-	-
South 160 Community Improvement District	(220,023)	-	-	-			-	(220,023)	-	-	-
63 ByPass Community Improvement District	(6,610)	-	-	-			-	-	(6,610)	-	-
Southern Hills Community Improvement District	(92,352)	-	-	-			-	-	-	(92,352)	-
TOTAL COMPONENT UNITS	<u>\$ (340,632)</u>	<u>\$ -</u>	<u>\$ 1,725</u>	<u>\$ -</u>			(19,922)	(220,023)	(6,610)	(92,352)	
General Revenues:											
Sales taxes					5,919,810	-	5,919,810	-	292,043	23,394	545,027
Ad valorem taxes					725,387	-	725,387	-	-	-	-
Motor vehicle and gas taxes					428,487	-	428,487	-	-	-	-
Other taxes					176,683	-	176,683	-	-	-	-
Franchise taxes					2,029,550	-	2,029,550	-	-	-	-
Interest					34,640	137,439	172,079	5,581	-	-	-
Other revenue					53,985	6,216	60,201	28,256	-	-	-
Total General Revenues					<u>9,368,542</u>	<u>143,655</u>	<u>9,512,197</u>	<u>33,837</u>	<u>292,043</u>	<u>23,394</u>	<u>545,027</u>
Changes in Net Position					(812,282)	475,540	(336,742)	13,915	72,020	16,784	452,675
Net Position, Beginning of year, as restated					39,630,235	50,194,618	89,824,853	358,918	306,899	217,362	1,103,959
Net Position, End of year					<u>\$ 38,817,953</u>	<u>\$ 50,670,158</u>	<u>\$ 89,488,111</u>	<u>\$ 372,833</u>	<u>\$ 378,919</u>	<u>\$ 234,146</u>	<u>\$ 1,556,634</u>

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2013

	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	\$ 2,242,367	\$ -	\$ -	\$ -	\$ 2,242,367
Taxes receivable	908,372	-	-	-	908,372
Other accounts receivable	54,725	-	-	-	54,725
Court fines receivable	48,582	-	-	-	48,582
Intergovernmental receivable	111,324	-	58,269	-	169,593
Due from other funds	7,539	-	-	-	7,539
Inventory	64,102	-	-	-	64,102
Prepaid expenses	103,353	-	-	-	103,353
MODAG receivable	128,487	-	-	-	128,487
Restricted cash and cash equivalents	4,070,901	199,659	-	35,911	4,306,471
Restricted investments	707,514	-	-	-	707,514
TOTAL ASSETS	\$ 8,447,266	\$ 199,659	\$ 58,269	\$ 35,911	\$ 8,741,105
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 304,441	\$ -	\$ 58,269	\$ 35,911	\$ 398,621
Accrued expenses	56,172	-	-	-	56,172
Court bonds payable	2,781	-	-	-	2,781
Due to other funds	-	7,113	-	-	7,113
Deposits payable	4,643	-	-	-	4,643
Other payables	14,296	-	-	-	14,296
Deferred revenue	59,062	-	-	-	59,062
TOTAL LIABILITIES	441,395	7,113	58,269	35,911	542,688
Fund Balances					
Nonspendable - not in spendable form:					
Inventory	64,102	-	-	-	64,102
Prepaid Items	103,353	-	-	-	103,353
Restricted for:					
Economic development	328,011	-	-	-	328,011
Parks and recreation	5,652	-	-	-	5,652
Fire	1,559	-	-	-	1,559
Streets	1,380,221	-	-	-	1,380,221
Cemetery capital improvements	15,597	-	-	-	15,597
Cemetery perpetual care	126,785	-	-	-	126,785
Library	499	-	-	-	499
Debt service	2,731,019	192,546	-	-	2,923,565
Assigned for:					
Capital improvements	500,000	-	-	-	500,000
Unassigned	2,749,073	-	-	-	2,749,073
TOTAL FUND BALANCES	8,005,871	192,546	-	-	8,198,417
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,447,266	\$ 199,659	\$ 58,269	\$ 35,911	\$ 8,741,105

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
 NET POSITION
 March 31, 2013

Fund balance - total governmental funds	\$ 8,198,417
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	95,574,098
Less accumulated depreciation	<u>(59,790,076)</u>
	35,784,022
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(60,553)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(5,162,995)
Adjustment of deferred revenue	<u>59,062</u>
Net position of governmental activities	<u><u>\$ 38,817,953</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, 2013

	General Fund	Tax Increment Financing #1 Fund	Tax Increment Financing #2 Fund	Tax Increment Financing #3 Fund	Total Governmental Funds
REVENUES					
Taxes	\$ 8,919,792	\$ 22,580	\$ 243,409	\$ 94,136	\$ 9,279,917
Licenses and permits	77,244	-	-	-	77,244
Intergovernmental revenues	489,942	-	-	-	489,942
Charges for services	1,581,204	-	-	-	1,581,204
Miscellaneous	113,507	720	-	-	114,227
TOTAL REVENUES	11,181,689	23,300	243,409	94,136	11,542,534
EXPENDITURES					
Current					
Administrative	717,165	-	-	-	717,165
Safety	15,586	-	-	-	15,586
Engineering	282,592	-	-	-	282,592
Building official	64,977	-	-	-	64,977
City attorney	87,082	-	-	-	87,082
Court	122,341	-	-	-	122,341
Police	1,635,507	-	-	-	1,635,507
Animal control	43,006	-	-	-	43,006
Emergency management	33,319	-	-	-	33,319
Fire	786,390	-	-	-	786,390
Airport	563,400	-	-	-	563,400
Street	1,826,997	-	-	-	1,826,997
Cemetery	109,011	-	-	-	109,011
Construction	141,532	-	-	-	141,532
Shop	106,321	-	-	-	106,321
Health	23,001	-	-	-	23,001
City hall complex	101,766	-	-	-	101,766
City beautification	5,689	-	-	-	5,689
Economic development	173,898	-	-	-	173,898
Tourist development	99,555	-	-	-	99,555
Parks and recreation	626,943	-	-	-	626,943
Golf	364,261	-	-	-	364,261
Transit	170,679	-	-	-	170,679
Library	587,070	-	-	-	587,070
Civic center	679,986	-	-	-	679,986
Galloway park department	16,106	-	-	-	16,106
Senior citizens	27,789	-	-	-	27,789
Other	-	39,056	243,409	94,136	376,601
Debt Service					
Principal and interest	4,083,730	-	-	-	4,083,730
TOTAL EXPENDITURES	13,495,699	39,056	243,409	94,136	13,872,300
(DEFICIT) OF REVENUES OVER EXPENDITURES					
	(2,314,010)	(15,756)	-	-	(2,329,766)
OTHER FINANCING SOURCES (USES)					
Certificate of participation proceeds	4,955,000	-	-	-	4,955,000
COP issuance costs	(50,279)	-	-	-	(50,279)
TOTAL OTHER FINANCING SOURCES (USES)	4,904,721	-	-	-	4,904,721
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)					
	2,590,711	(15,756)	-	-	2,574,955
FUND BALANCE, April 1	5,415,160	208,302	-	-	5,623,462
FUND BALANCE, March 31	\$ 8,005,871	\$ 192,546	\$ -	\$ -	\$ 8,198,417

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, 2013

Net change in fund balances - total governmental funds	\$ 2,574,955
Amounts reported for governmental activities in the statement of activities are different because:	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense. The following is the detail of the amount by which depreciation exceeded capital outlay for the year.</p>	
Capital outlay	1,045,483
Depreciation	<u>(3,312,619)</u>
	(2,267,136)
Some revenues reported in the governmental funds represent current financial resources and were recognized in the statement of activities when earned.	(30,356)
<p>The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. In the statement of activities, interest is accrued on outstanding debt whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net affect of these differences.</p>	
Repayment of principal on COPs and leases	(1,085,021)
Accrued interest payable	<u>5,469</u>
	(1,079,552)
Some expenditures reported in the governmental funds represent the use of current financial resources and were recognized in the statement of activities when incurred.	<u>(10,193)</u>
Change in net position of governmental activities	<u><u>\$ (812,282)</u></u>

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF NET POSITION – ENTERPRISE FUND
March 31, 2013

	Utility Fund	
	March 31,	
	2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 13,609,797	\$ 13,162,548
Utilities receivable, net	1,847,305	1,731,115
Other accounts receivable	172,336	229,889
Due from other funds	-	12,391
Inventory	1,451,862	1,315,383
Prepaid expenses	41,868	56,871
TOTAL CURRENT ASSETS	17,123,168	16,508,197
Restricted Assets		
Cash and cash equivalents	1,659,358	1,709,366
Investments	1,267,890	1,241,993
Property, Plant and Equipment	71,950,840	70,734,214
Less accumulated depreciation	(26,559,995)	(24,851,645)
TOTAL PROPERTY, PLANT AND EQUIPMENT	45,390,845	45,882,569
TOTAL ASSETS	65,441,261	65,342,125
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	1,533,983	1,029,355
Accrued expenses	98,527	107,850
Accrued interest payable	79,073	86,553
Due to other funds	426	-
Meter deposits payable	500,838	483,294
Current maturities of long-term debt	971,150	929,074
TOTAL CURRENT LIABILITIES	3,183,997	2,636,126
Long-Term Liabilities		
Revenue bonds payable	9,138,540	10,017,929
Certificates of participation payable	2,256,382	2,259,110
Lease payable	53,314	104,464
Compensated absences payable	138,870	129,878
TOTAL LONG-TERM LIABILITIES	11,587,106	12,511,381
TOTAL LIABILITIES	14,771,103	15,147,507
Net Position		
Net investment in capital assets	32,971,459	32,843,814
Restricted	2,426,410	2,410,399
Unrestricted	15,272,289	14,940,405
TOTAL NET POSITION	\$ 50,670,158	\$ 50,194,618

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – ENTERPRISE FUND
Year Ended March 31, 2013

	Year Ended March 31,	
	2013	2012
OPERATING REVENUES		
Charges for services		
Electric	\$ 14,808,188	\$ 14,608,146
Water	2,253,148	2,106,189
Sewer	1,796,054	1,775,888
Refuse	1,921,087	1,888,171
Stormwater	185,408	184,796
	<u>20,963,885</u>	<u>20,563,190</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Electric		
Wages and benefits	692,467	626,878
Franchise fees	1,452,504	1,429,550
Engineering	6,977	4,535
Purchased power	10,960,434	9,905,941
Utilities	7,784	6,034
Other operating expenses	492,820	644,132
Depreciation	875,118	857,769
Water		
Wages and benefits	358,388	345,190
Engineering	10,790	160
Utilities	181,075	164,181
Other operating expenses	220,768	242,340
Depreciation	497,832	462,591
Sewer		
Wages and benefits	431,004	437,013
Utilities	90,381	90,919
Other operating expenses	124,654	152,353
Depreciation	398,168	392,790
Refuse		
Wages and benefits	775,677	753,872
Landfill service	482,144	493,942
Refuse utilities	12,717	12,870
Other operating expenses	388,569	365,962
Depreciation	178,373	175,105
Engineering		
Wages and benefits	115,160	126,154
Other operating expenses	240	240
Depreciation	-	136
Shop		
Wages and benefits	52,533	48,227
Depreciation	986	1,299

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – ENTERPRISE FUND
(CONTINUED)
Year Ended March 31, 2013

	Year Ended March 31,	
	2013	2012
Storm Water Engineering		
Wages and benefits	65,681	62,471
Contracted services	158,457	-
Other operating expenses	5,100	13,826
Depreciation	5,629	5,374
Administration and Warehouse		
Wages and benefits	625,702	595,527
Insurance	161,514	160,486
Utilities	56,449	58,294
Other operating expenses	208,556	220,952
Depreciation	6,367	8,092
	<u>20,101,018</u>	<u>18,865,205</u>
TOTAL OPERATING EXPENSES		
	862,867	1,697,985
OPERATING INCOME		
NONOPERATING REVENUES (EXPENSES)		
Interest income	137,439	155,394
Other revenue	6,216	56,885
Interest expense	(529,463)	(538,698)
Loss on disposal of equipment	(1,519)	(11,822)
	<u>(387,327)</u>	<u>(338,241)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
	475,540	1,359,744
NET INCOME		
NET POSITION, April 1, as restated	50,194,618	48,834,874
NET POSITION, March 31	<u>\$ 50,670,158</u>	<u>\$ 50,194,618</u>

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF CASH FLOWS – ENTERPRISE FUND
Year Ended March 31, 2013

	Utility Fund	
	Year Ended March 31,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 20,905,248	\$ 20,727,433
Cash paid to suppliers	(14,638,781)	(14,261,145)
Cash paid to employees	(3,099,399)	(2,989,220)
Other cash received for nonoperating revenues	6,216	45,063
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,173,284	3,522,131
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of loans (to) from other funds	12,817	(16,379)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	12,817	(16,379)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(1,472,267)	(2,112,924)
Proceeds from sale of refunding bonds	-	6,260,000
Payment of principal on long-term debt	(891,192)	(6,837,082)
Payment of interest expense	(536,943)	(832,687)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,900,402)	(3,522,693)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	137,439	155,394
Purchase of investments	(25,897)	-
Maturity of investments	-	3,003,126
NET CASH PROVIDED BY INVESTING ACTIVITIES	111,542	3,158,520
NET INCREASE IN CASH AND CASH EQUIVALENTS	397,241	3,141,579
CASH AND CASH EQUIVALENTS, Beginning of year	14,871,914	11,730,335
CASH AND CASH EQUIVALENTS, End of year	15,269,155	14,871,914
LESS RESTRICTED CASH AND CASH EQUIVALENTS	1,659,358	1,709,366
UNRESTRICTED CASH AND CASH EQUIVALENTS	\$ 13,609,797	\$ 13,162,548
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 862,867	\$ 1,697,985
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,962,473	1,903,156
(Increase) decrease in:		
Receivables	(58,637)	132,219
Inventory	(136,479)	(16,894)
Prepaid expenses	15,003	(14,408)
Increase (decrease) in:		
Accounts payable	504,628	(263,126)
Compensated absences payable	8,992	(3,761)
Accrued expenses	(9,323)	9,873
Meter deposits payable	17,544	32,024
Other cash received for nonoperating revenues	6,216	45,063
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,173,284	\$ 3,522,131

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 Position 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, 2012, 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 Position, 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 Position.

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 Pronouncements

The Governmental Accounting Standards Board (GASB) issued Statement No. 63 – *Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources, and Net Position* for reporting periods beginning after December 15, 2011. This statement provides financial reporting guidance and standardization for deferred outflows of resources and deferred inflows of resources. This statement also amends the net asset reporting requirements of Statement No. 34 – *Basic Financial Statements and Management's Discussion and Analysis*, by incorporating deferred inflows and deferred outflows into the definition of the required components of residual measure and by renaming that measure as net position, rather than net assets.

The Governmental Accounting Standards Board (GASB) issued Statement No. 65 – *Items Previously Reported as Assets and Liabilities* (GASB 65) effective for reporting periods beginning after December 15, 2012, though early application was encouraged. The statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources, certain items that were previously reported as assets and liabilities.

The City adopted GASB Statements No. 63 and 65 for the year ended March 31, 2013.

Net Position

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

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unrestricted – This consists of net position that does not meet the definition of restricted or invested in capital assets.

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

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, 2013, 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, 2013, 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, 2013, 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.

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

NOTE C – INVESTMENTS (continued)

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 \$361,543 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.

NOTE D – RESTRICTED ASSETS

Cash and net position/fund balance 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	1,176,060	1,380,221
Capital projects	500,000	-
Economic development	199,524	328,011
Galloway park donations	819	819
Warden park donations	4,833	4,833
Fire alarms	1,559	1,559
Cemetery capital	15,597	15,597
Library	499	499
Police seized funds	14,296	-
Court bonds	2,781	-
Deposits held	4,643	-
2012 COP reserves	2,731,019	2,731,019
	<u>\$ 4,778,415</u>	<u>\$ 4,589,343</u>
Special Revenue Funds		
Reserved/restricted for debt service	<u>\$ 235,570</u>	<u>\$ 192,546</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

NOTE D – RESTRICTED ASSETS (continued)

	<u>Restricted Cash and Investments</u>	<u>Restricted Net Position</u>
Enterprise Fund		
2011 bond reserves	\$ 1,323,271	\$ 1,323,271
1996 bond reserves	100,959	100,959
2006 bond reserves	759,979	759,979
2010 COP reserves	212,154	212,154
Service deposits	500,838	-
Landfill closure	30,047	30,047
	<u>\$ 2,927,248</u>	<u>\$ 2,426,410</u>

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>\$ 2,814,653</u>	<u>\$ 967,348</u>	<u>\$ 1,847,305</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>\$ 107,334</u>	<u>\$ 58,752</u>	<u>\$ 48,582</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

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:

	<u>2012</u>
Assessed Valuation	
Real estate	\$ 107,451,161
Personal property	<u>36,152,273</u>
TOTAL	<u>\$ 143,603,434</u>
	<u>2012</u>
Tax Rate Per \$100 of Assessed Valuation	
General Fund	\$.2971
Library Fund	<u>.2000</u>
	<u>\$.4971</u>

The legal debt margin at March 31, 2013, was computed as follows:

	<u>General Obligation Bonds</u>		
	<u>Ordinary (1)</u>	<u>Additional (2)</u>	<u>Total</u>
Constitutional Debt Limit	\$ 14,360,343	\$ 14,360,343	\$ 28,720,687
General Obligation Bonds Payable	<u>-</u>	<u>-</u>	<u>-</u>
LEGAL DEBT MARGIN	<u>\$ 14,360,343</u>	<u>\$ 14,360,343</u>	<u>\$ 28,720,687</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.

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

NOTE G – MODAG RECEIVABLE

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

	Interest Rate	Annual Payment	Total Due
West Plains Industrial Development Corporation	3%	\$ 7,500	\$ 67,750
West Plains Industrial Development Corporation	5%	19,319	40,307
West Plains Industrial Development Corporation	5%	10,228	20,430
			<u>\$ 128,487</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, 2013, are listed in the following table:

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

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

Year Ended March 31,	Principal	Interest	Administrative Fee	Total
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>\$ 910,000</u>	<u>\$ 148,045</u>	<u>\$ 20,099</u>	<u>\$ 1,078,144</u>

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, 2013, are listed in the following table:

Year Ended March 31,	Principal	Interest	Total
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>\$ 3,710,000</u>	<u>\$ 784,303</u>	<u>\$ 4,494,303</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

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, 2013, are as follows:

Year Ended March 31,	Principal	Interest	Total
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>\$ 5,845,000</u>	<u>\$ 1,287,089</u>	<u>\$ 7,132,089</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

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, 2013, are due as follows:

Year Ended March 31,	Principal	Interest	Interest Subsidy	Total
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>\$ 1,756,640</u>	<u>\$ (790,488)</u>	<u>\$ 3,176,152</u>

CITY OF WEST PLAINS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
March 31, 2013

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, 2013, are as follows:

Year Ended March 31,	Principal	Interest	Total
2014	\$ 51,150	\$ 4,419	\$ 55,569
2015	53,314	2,255	55,569
	<u>\$ 104,464</u>	<u>\$ 6,674</u>	<u>\$ 111,138</u>

A summary of the changes in long-term debt – business-type activities for the year ended March 31, 2013, is as follows:

	Balance March 31, 2012	Additions	Retirements	Balance March 31, 2013
Revenue Bonds				
1996B Series	\$ 1,065,000	\$ -	\$ 155,000	\$ 910,000
2006 Series	4,060,000	-	350,000	3,710,000
2011 Series	6,220,000	-	375,000	5,845,000
Deferred loss on debt refunding	(447,071)	-	(40,611)	(406,460)
	<u>10,897,929</u>	-	839,389	10,058,540
Certificates of Participation				
2010 Series	2,210,000	-	-	2,210,000
Premium on COP	49,110	-	2,728	46,382
	<u>2,259,110</u>	-	2,728	2,256,382
Lease	153,538	-	49,074	104,464
Compensated Absences	129,878	8,992	-	138,870
TOTAL	<u>\$ 13,440,455</u>	<u>\$ 8,992</u>	<u>\$ 891,191</u>	<u>\$ 12,558,256</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

NOTE I – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Long-term debt for governmental activities at March 31, 2013, consists of 2006 certificates of participation, capital lease payable, and compensated absences payable.

2006 Certificates of Participation:

On August 1, 2012, the City issued \$4,955,000 in Series 2012 Certificates of Participation to refund the Series 2006 Certificates of Participation and to finance various projects within the City. The certificates bear interest at various rates ranging from 1.75% to 2.90% with principal payments due July 15 and interest payments due January 15 and July 15 each year.

The annual debt service requirements to amortize principal on the 2006 certificates of participation outstanding at March 31, 2013, are listed in the following table:

Year Ended March 31,	Principal	Interest	Total
2014	\$ -	\$ 95,154	\$ 95,154
2015	785,000	108,748	893,748
2016	745,000	93,048	838,048
2017	350,000	78,146	428,146
2018	360,000	71,148	431,148
2019	365,000	64,848	429,848
2020	370,000	58,460	428,460
2021	375,000	51,060	426,060
2022	390,000	42,810	432,810
2023	395,000	33,450	428,450
2024	400,000	23,180	423,180
2025	420,000	12,180	432,180
	<u>\$ 4,955,000</u>	<u>\$ 732,232</u>	<u>\$ 5,687,232</u>

Capital Lease Agreement – Equipment

On May 2, 2012, the City entered into a lease purchase agreement to finance the purchase of a mower. The agreement requires yearly payments of \$5,581 including interest at 4.41%.

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

NOTE I – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES (continued)

The City's lease/purchase agreement provides for the cancellation of the lease at the City's option on the renewal dates each year per State statute, however the City does not foresee exercising its option to cancel. Therefore, this lease is accounted for as a noncancellable capital lease in accordance with FASB Accounting Standards Codification Topic ASC-840-30-30, "Accounting for Capital Leases".

The following is a schedule of future lease payments under the lease (assuming noncancellation):

	Equipment Lease
2014	\$ 5,581
2015	5,581
2016	5,581
2017	5,581
TOTAL MINIMUM LEASE PAYMENTS	22,324
LESS AMOUNT REPRESENTING INTEREST	(2,303)
PRINCIPAL BALANCE MARCH 31, 2013	<u>\$ 20,021</u>

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, 2013, is as follows:

	Balance March 31, 2012	Additions	Retirements	Balance March 31, 2013
Certificates of Participation				
2006 Series	\$ 3,890,000	\$ -	\$ 3,890,000	\$ -
2012 Series	-	4,955,000	-	4,955,000
Equipment lease		25,602	5,581	20,021
Compensated absences payable	177,781	10,193	-	187,974
TOTAL	<u>\$ 4,067,781</u>	<u>\$ 4,990,795</u>	<u>\$ 3,895,581</u>	<u>\$ 5,162,995</u>

CITY OF WEST PLAINS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
March 31, 2013

NOTE K – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2013, was as follows:

Primary Government

	Balance March 31, 2012	Additions	Deletions	Balance March 31, 2013
Governmental Activities				
Non-Depreciable Capital Assets:				
Construction in progress	\$ 1,685,673	\$ 543,724	\$ 1,594,281	\$ 635,116
Land	2,863,526	-	-	2,863,526
Total Non-depreciable Capital Assets	<u>\$ 4,549,199</u>	<u>\$ 543,724</u>	<u>\$ 1,594,281</u>	<u>\$ 3,498,642</u>
Depreciable Capital Assets:				
Building and improvements	\$ 17,748,237	\$ 34,725	\$ -	\$ 17,782,962
Machinery and equipment	3,562,742	62,222	-	3,624,964
Vehicles	2,710,311	219,875	78,339	2,851,847
Infrastructure	65,895,829	1,825,386	-	67,721,215
Land improvements	62,297	32,171	-	94,468
Total Depreciable Capital Assets	89,979,416	<u>\$ 2,174,379</u>	<u>\$ 78,339</u>	92,075,456
Less Accumulated Depreciation	56,477,457	<u>\$ 3,390,958</u>	<u>\$ 78,339</u>	<u>59,790,076</u>
Total Depreciable Capital Assets, net	<u>\$ 33,501,959</u>			<u>\$ 32,285,380</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

NOTE K – CAPITAL ASSETS (continued)

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

Administration	\$ 5,793
Engineering	20,160
Police	64,818
Animal control	11,205
Public safety	16,621
Fire	132,929
Airport	115,177
Street	2,298,870
Cemetery	5,749
Shop	17,391
City hall complex	109,967
Tourist development	3,955
Parks and recreation	207,522
Golf	8,562
Transit	18,737
Library	57,244
Civic center	296,258
	<u>\$ 3,390,958</u>

	Balance March 31, 2012	Additions	Deletions	Balance March 31, 2013
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-Type Activities				
Water				
Non-Depreciable Capital Assets:				
Land	\$ 166,752	\$ -	\$ -	\$ 166,752
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Depreciable Capital Assets	166,752	<u>\$ -</u>	<u>\$ -</u>	166,752

CITY OF WEST PLAINS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
March 31, 2013

NOTE K – CAPITAL ASSETS (continued)

	Balance March 31, 2012	Additions	Deletions	Balance March 31, 2013
Depreciable Capital Assets:				
Buildings and improvements	102,044	\$ -	\$ -	102,044
Plant	17,401,242	456,269	-	17,857,511
Equipment	782,439	36,110	-	818,549
Transportation equipment	316,492	-	8,235	308,257
Total Depreciable Capital Assets	18,602,217	<u>\$ 492,379</u>	<u>\$ 8,235</u>	19,086,361
Less Accumulated Depreciation	6,426,573	<u>\$ 510,815</u>	<u>\$ 8,235</u>	6,929,153
Depreciable Capital Assets, net	12,175,644			12,157,208
Electric				
Non-Depreciable Capital Assets:				
Land	76,662	\$ -	\$ -	76,662
Construction in progress	-	29,248	-	29,248
Total Non-Depreciable Capital Assets	76,662	<u>\$ 29,248</u>	<u>\$ -</u>	105,910
Depreciable Capital Assets:				
Buildings and improvements	227,310	\$ -	\$ -	227,310
Plant	23,667,984	179,328	-	23,847,312
Equipment	2,464,502	317,522	14,680	2,767,344
Transportation equipment	1,370,978	-	27,533	1,343,445
Total Depreciable Capital Assets	27,730,774	<u>\$ 496,850</u>	<u>\$ 42,213</u>	28,185,411
Less Accumulated Depreciation	10,939,480	<u>\$ 875,118</u>	<u>\$ 41,619</u>	11,772,979
Depreciable Capital Assets, net	16,791,294			16,412,432
Sewer				
Buildings and improvements	75,483	\$ -	\$ -	75,483
Plant	20,458,212	107,751	-	20,565,963
Equipment	827,237	136,550	-	963,787
Transportation equipment	111,536	-	4,188	107,348
Total Depreciable Capital Assets	21,472,468	<u>\$ 244,301</u>	<u>\$ 4,188</u>	21,712,581
Less Accumulated Depreciation	5,807,002	<u>\$ 398,168</u>	<u>\$ 4,188</u>	6,200,982
Depreciable Capital Assets, net	15,665,466			15,511,599

CITY OF WEST PLAINS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
March 31, 2013

NOTE K – CAPITAL ASSETS (continued)

	Balance March 31, 2012	Additions	Deletions	Balance March 31, 2013
Administration				
Equipment	-	\$ 10,500	\$ -	10,500
Depreciable Capital Assets, net	-	10,500	-	10,500
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	81,232	-	890,827
Transportation equipment	1,134,183	116,833	200,080	1,050,936
Total Depreciable Capital Assets	2,670,341	\$ 198,065	\$ 200,080	2,668,326
Less Accumulated Depreciation	1,678,590	\$ 178,372	\$ 200,080	1,656,882
Depreciable Capital Assets, net	991,751			1,011,444
Total Capital Assets, net	\$ 45,882,569			\$ 45,390,845

Component Units

	Balance March 31, 2012	Additions	Deletions	Balance March 31, 2013
South 160 Community Improvement District				
Depreciable Capital Assets:				
Infrastructure	\$ 3,450,705	\$ 26,079	\$ -	\$ 3,476,784
Total Depreciable Capital Assets	3,450,705	\$ 26,079	\$ -	3,476,784
Less Accumulated Depreciation	368,327	\$ 68,909	\$ -	437,236
Depreciable Capital Assets, net	\$ 3,082,378			\$ 3,039,548

CITY OF WEST PLAINS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
March 31, 2013

NOTE K – CAPITAL ASSETS (continued)

	Balance March 31, 2012	Additions	Deletions	Balance March 31, 2013
63 ByPass Community				
Improvement District				
Depreciable Capital Assets:				
Infrastructure	\$ 228,251	\$ 21,320	\$ -	\$ 249,571
Total Depreciable Capital Assets	228,251	\$ 21,320	\$ -	249,571
Less Accumulated Depreciation	10,959	\$ 4,565	\$ -	15,524
Depreciable Capital Assets, net	<u>\$ 217,292</u>			<u>\$ 234,047</u>
Southern Hills Community				
Improvement District				
Depreciable Capital Assets:				
Infrastructure	\$ 1,957,609	\$ 570,807	\$ -	\$ 2,528,416
Total Depreciable Capital Assets	1,957,609	\$ 570,807	\$ -	2,528,416
Less Accumulated Depreciation	33,129	\$ 39,152	\$ -	72,281
Depreciable Capital Assets, net	<u>\$ 1,924,480</u>			<u>\$ 2,456,135</u>

NOTE L – 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.

NOTE L – EMPLOYEE PENSION PLAN (continued)

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 14.6% (General), 14.2% (Police), and 14.9% (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	\$ 773,206
Interest on net pension obligation	5,199
Adjustment to annual required contribution	<u>(4,508)</u>
Annual pension cost	773,897
Actual contributions	<u>767,794</u>
Increase in NPO	6,103
NPO beginning of year	<u>71,704</u>
NPO end of year	<u><u>\$ 77,807</u></u>

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 29, 2012, 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, 2010, was 30 years for the General division, 30 years for the Police division, and 6 years for the Fire division. The amortization period as of February 28, 2011, was 24 years for the General division, 25 years for the Police division, and 19 years for the Fire division.

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

NOTE L – EMPLOYEE PENSION PLAN (continued)

Three-Year Trend Information			
Year Ended June 30	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 661,292	97.4%	\$ 17,194
2011	774,265	93.0%	71,704
2012	773,897	99.2%	77,807

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 Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/28/2012	\$ 11,782,365	\$ 14,272,327	\$ 2,489,962	83%	\$ 5,436,700	46%

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 M – 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.

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

NOTE N – INTERNAL BALANCES

Internal balances as of March 31, 2013, consisted of the following:

	General Fund	Tax Increment Financing Funds	Utility Fund
Internal balances	\$ 7,539	\$ (7,113)	\$ (426)

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, 2013, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

NOTE O – 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, 2013, 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 P – 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.

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

NOTE P – DEBT REFUNDING LOSS (continued)

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.

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

	Balance March 31, 2012	Additions	Amortization	Balance March 31, 2013
Utility Fund	\$ 447,071	\$ -	\$ 40,611	\$ 406,460

NOTE Q – 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, 2013, is summarized below:

	Balance March 31, 2012	Additions	Retirements	Balance March 31, 2013
Bond Anticipation Notes	\$ 2,743,452	\$ -	\$ 98,544	\$ 2,644,908

NOTE Q – SHORT-TERM DEBT (continued)

Southern Hills Community Improvement District

On July 1, 2010, the Southern Hills Community Improvement District issued a sales tax revenue note, not to exceed \$1,500,000, 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 December 10, 2013. Principal and interest payments are due monthly, with interest at 5.25% per annum.

Activity for the year ended March 31, 2013, is summarized below:

	Balance March 31, 2012	Additions	Retirements	Balance March 31, 2013
Tax Revenue Note	<u>\$ 820,553</u>	<u>\$ 501,000</u>	<u>\$ 170,460</u>	<u>\$ 1,151,093</u>

NOTE R – 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 \$12,704,536. Principal and interest paid for the current year and total customer net revenues were \$1,291,290 and \$2,825,340, respectively.

The City has pledged future sales tax revenues to repay the Series 2011 Certificates of Participation issued for the purpose of refunding the Series 2006 COP and to finance various projects in the City. The lease purchase is payable solely from tax revenues of the City and is payable through 2025. The total principal and interest remaining to be paid on the lease is \$5,687,232.

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 December 10, 2013. The total principal remaining to be paid on the lease is \$1,151,093 with interest payable at 5.25% per annum.

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

NOTE S – COP REFUNDING

On August 1, 2012, the City issued \$4,955,000 in Certificates of Participation, Series 2012, with interest rates ranging from 1.75% to 2.90%. The City issued the COPs to create a refund of \$2,645,000 of outstanding Series 2006 Certificates of Participation maturing from May 1, 2013, to May 1, 2026, with interest rates between 3.55% and 4.35%.

As a result of the refunding, the City reduced its total debt service requirements by \$140,047, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$168,793.

NOTE T – 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, 2013, consists of the following:

Court fines	\$ 48,582
Other	<u>10,480</u>
	<u><u>\$ 59,062</u></u>

NOTE U – 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, 2013, the City has paid the developer \$154,424, leaving a remaining balance of \$345,576.

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, 2013, is \$4,420. The City is only obligated if taxes are collected, and through November 2029.

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2013

NOTE V – COMMITMENT

As of March 31, 2013, the City was committed on the following projects:

<u>Contractor</u>	<u>Project</u>	<u>Amount</u>
Joe's Bridge and Grading, Inc.	Grizzely Way Project	\$ 384,912
Hessling Construction	Preacher Roe Sidewalk Project	\$ 449,976

NOTE W – RESTATEMENT

During the year ended March 31, 2013, the City adopted the provisions of GASB statement Number 65 – *Items Previously Reported as Assets and Liabilities*. Net position has been restated for the adoption as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position, as previously stated, March 31, 2012	\$ 39,800,910	\$ 50,428,316
Bond issue costs	<u>(170,675)</u>	<u>(233,698)</u>
Net Position, as restated, April 1, 2012	<u>\$ 39,630,235</u>	<u>\$ 50,194,618</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST PLAINS, MISSOURI
 SCHEDULE OF FUNDING PROGRESS
 Year Ended March 31, 2013

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
02/28/2010	\$ 10,188,911	\$ 13,210,902	\$ 3,021,991	77%	\$ 5,306,599	57%
02/28/2011	11,070,239	14,361,686	3,291,447	77%	5,474,435	60%
02/28/2012	11,782,365	14,272,327	2,489,962	83%	5,436,700	46%

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, 2013

	Year Ended March 31,				2012 Actual
	2013			Variance With Final Budget	
	Original Budget	Final Budget	Actual		
REVENUES					
Taxes					
Ad valorem taxes, penalties and interest	\$ 682,600	\$ 692,600	\$ 725,387	\$ 32,787	\$ 691,050
Surtax	64,000	64,000	81,204	17,204	71,462
Motor vehicle sales tax	108,000	108,000	124,347	16,347	116,209
Sales tax	2,840,549	2,736,549	2,796,019	59,470	2,780,573
Capital improvement sales tax	1,433,749	1,381,249	1,409,299	28,050	1,402,736
Transportation sales tax	1,367,150	1,317,050	1,354,367	37,317	1,344,718
State motor fuel tax	300,000	300,000	304,140	4,140	299,849
Franchise taxes	1,988,000	1,988,000	2,029,550	41,550	1,972,689
Hotel/motel taxes	72,000	77,000	78,376	1,376	81,650
Other taxes	16,500	16,500	17,103	603	19,303
	<u>8,872,548</u>	<u>8,680,948</u>	<u>8,919,792</u>	<u>238,844</u>	<u>8,780,239</u>
Licenses and Permits					
Liquor	10,700	10,000	10,318	318	10,728
Building permits	20,000	20,000	20,848	848	42,146
Business licenses	31,000	31,000	31,500	500	31,660
Other	9,500	10,100	14,578	4,478	11,718
	<u>71,200</u>	<u>71,100</u>	<u>77,244</u>	<u>6,144</u>	<u>96,252</u>
Intergovernmental Revenues					
Federal	1,812,052	1,833,473	468,898	(1,364,575)	1,151,218
State	5,433	17,333	13,829	(3,504)	51,162
Other	-	-	7,215	7,215	345,338
	<u>1,817,485</u>	<u>1,850,806</u>	<u>489,942</u>	<u>(1,360,864)</u>	<u>1,547,718</u>
Charges for Services					
Parks and recreation	132,400	121,530	124,291	2,761	135,642
Cemetery	20,000	20,700	22,698	1,998	21,225
Transit	28,600	28,600	24,375	(4,225)	28,955
Rental income	211,500	199,600	200,896	1,296	205,670
Concessions	138,650	138,650	132,892	(5,758)	155,186
Fuel sales	397,000	343,000	416,377	73,377	424,000
Golf	190,000	202,600	218,519	15,919	194,395
Fines and forfeitures	235,800	237,800	223,874	(13,926)	223,934
Civic Center	150,000	143,000	129,162	(13,838)	150,508
Other	62,150	83,450	88,120	4,670	66,814
	<u>1,566,100</u>	<u>1,518,930</u>	<u>1,581,204</u>	<u>62,274</u>	<u>1,606,329</u>
Miscellaneous					
Reimbursements	201,500	201,500	39,857	(161,643)	34,794
Interest	22,400	30,400	33,920	3,520	40,476
Donations and other contributions	16,475	17,600	12,067	(5,533)	18,558
Sale of property	-	900	4,221	3,321	14,334
Other	16,950	24,450	23,442	(1,008)	18,764
	<u>257,325</u>	<u>274,850</u>	<u>113,507</u>	<u>(161,343)</u>	<u>126,926</u>
TOTAL REVENUES	<u>12,584,658</u>	<u>12,396,634</u>	<u>11,181,689</u>	<u>(1,214,945)</u>	<u>12,157,464</u>

CITY OF WEST PLAINS, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
 Year Ended March 31, 2013

	Year Ended March 31,				2012
	2013			Variance With	
	Original Budget	Final Budget	Actual		
EXPENDITURES					
Current					
Administrative	724,760	727,980	717,165	10,815	684,473
Safety	16,725	17,025	15,586	1,439	15,286
Engineering	315,845	298,445	282,592	15,853	318,264
Building official	63,875	66,975	64,977	1,998	70,144
City attorney	101,000	99,400	87,082	12,318	97,127
Court	128,100	133,350	122,341	11,009	118,505
Police	1,688,760	1,664,960	1,635,507	29,453	1,677,381
Animal control	60,430	45,780	43,006	2,774	59,918
Emergency management	46,890	46,890	33,319	13,571	42,299
Fire	689,110	739,273	786,390	(47,117)	786,733
Airport	963,365	853,140	563,400	289,740	534,658
Street	3,631,503	3,876,103	1,826,997	2,049,106	3,015,680
Cemetery	110,470	115,070	109,011	6,059	97,650
Construction	142,730	146,430	141,532	4,898	130,856
Shop	70,385	71,785	106,321	(34,536)	65,547
Health	23,000	23,000	23,001	(1)	23,000
City hall complex	88,940	90,790	101,766	(10,976)	103,300
City beautification	5,400	11,400	5,689	5,711	3,823
Economic development	275,514	279,914	173,898	106,016	956,724
Tourist development	109,150	114,150	99,555	14,595	126,344
Parks and recreation	860,749	1,206,039	626,943	579,096	614,968
Golf	341,440	348,240	364,261	(16,021)	327,267
Transit	214,756	168,120	170,679	(2,559)	232,072
Library	580,830	608,280	587,070	21,210	540,004
Civic center	612,200	617,060	679,986	(62,926)	617,475
Galloway park department	13,310	18,790	16,106	2,684	9,918
Senior citizens	27,230	27,230	27,789	(559)	27,530
Debt Service					
Principal and interest	1,385,100	4,083,100	4,083,730	(630)	-
TOTAL EXPENDITURES	13,291,567	16,498,719	13,495,699	3,003,020	11,296,946
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(706,909)	(4,102,085)	(2,314,010)	1,788,075	860,519
OTHER FINANCING SOURCES (USES)					
Certificate of participation proceeds	-	4,955,000	4,955,000	-	-
COP issuance costs	-	(76,000)	(50,279)	25,721	-
TOTAL OTHER FINANCING SOURCES (USES)	-	4,879,000	4,904,721	25,721	-
EXCESS (DEFICIT) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER (USES)	(706,909)	776,915	2,590,711	1,813,796	860,519
FUND BALANCE, April 1	5,415,160	5,415,160	5,415,160	-	5,894,787
FUND BALANCE, March 31	\$ 4,708,251	\$ 6,192,075	\$ 8,005,871	\$ 1,813,796	\$ 6,755,306

CITY OF WEST PLAINS, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – TAX INCREMENT FINANCING #1 FUND
 Year Ended March 31, 2013

	Year Ended March 31,				
	2013				2012
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES					
Taxes					
Sales taxes	\$ 27,000	\$ 27,000	\$ 22,580	\$ (4,420)	\$ 24,999
Miscellaneous					
Interest	1,000	1,000	720	(280)	775
TOTAL REVENUES	28,000	28,000	23,300	(4,700)	25,774
EXPENDITURES					
Current					
Miscellaneous	233,300	233,300	39,056	194,244	56,996
TOTAL EXPENDITURES	233,300	233,300	39,056	194,244	56,996
(DEFICIT) OF REVENUES OVER EXPENDITURES	(205,300)	(205,300)	(15,756)	189,544	(31,222)
FUND BALANCE, April 1	208,302	208,302	208,302	-	239,524
FUND BALANCE, March 31	\$ 3,002	\$ 3,002	\$ 192,546	\$ 189,544	\$ 208,302

CITY OF WEST PLAINS, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – TAX INCREMENT FINANCING #2 FUND
 Year Ended March 31, 2013

	Year Ended March 31,				2012
	2013				
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES					
Taxes					
Sales taxes	\$ 272,000	\$ 272,000	\$ 243,409	\$ (28,591)	\$ 244,880
TOTAL REVENUES	272,000	272,000	243,409	(28,591)	244,880
EXPENDITURES					
Current					
Miscellaneous	272,000	272,000	243,409	28,591	244,880
TOTAL EXPENDITURES	272,000	272,000	243,409	28,591	244,880
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, 2013

	Year Ended March 31,				2012
	2013				
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES					
Taxes					
Sales taxes	\$ 114,900	\$ 114,900	\$ 94,136	\$ (20,764)	\$ 104,402
TOTAL REVENUES	114,900	114,900	94,136	(20,764)	104,402
EXPENDITURES					
Current					
Miscellaneous	114,900	114,900	94,136	20,764	104,402
TOTAL EXPENDITURES	114,900	114,900	94,136	20,764	104,402
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, 2013

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 POSITION – ENTERPRISE FUND
March 31, 2013

	Utility Fund				Total
	Electric	Water	Sewer	Refuse	
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 9,334,359	\$ 1,721,003	\$ 1,927,355	\$ 627,080	\$ 13,609,797
Utilities receivable, net	1,287,344	228,045	150,606	181,310	1,847,305
Other accounts receivable	143,833	-	1	28,502	172,336
Inventory	1,144,513	307,349	-	-	1,451,862
Prepaid expenses	19,081	9,917	8,644	4,226	41,868
TOTAL CURRENT ASSETS	11,929,130	2,266,314	2,086,606	841,118	17,123,168
Restricted Assets					
Cash and cash equivalents	-	1,219,385	409,926	30,047	1,659,358
Investments	-	-	1,267,890	-	1,267,890
TOTAL RESTRICTED ASSETS	-	1,219,385	1,677,816	30,047	2,927,248
Property, Plant and Equipment	28,291,321	19,253,113	21,723,081	2,683,326	71,950,841
Less accumulated depreciation	(11,772,979)	(6,929,153)	(6,200,982)	(1,656,881)	(26,559,995)
TOTAL PROPERTY, PLANT AND EQUIPMENT	16,518,342	12,323,960	15,522,099	1,026,445	45,390,846
TOTAL ASSETS	28,447,472	15,809,659	19,286,521	1,897,610	65,441,262
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	1,211,676	76,993	92,004	153,310	1,533,983
Accrued expenses	48,804	17,994	13,387	18,342	98,527
Accrued interest payable	-	18,859	60,214	-	79,073
Due to other funds	426	-	-	-	426
Meter deposits payable	-	247,252	253,586	-	500,838
Current maturities of long-term debt	-	375,000	596,150	-	971,150
TOTAL CURRENT LIABILITIES	1,260,906	736,098	1,015,341	171,652	3,183,997
Long-Term Liabilities					
Revenue bonds payable	-	3,157,855	5,980,685	-	9,138,540
Certificates of Participation payable	-	2,256,382	-	-	2,256,382
Lease payable	-	-	53,314	-	53,314
Compensated absences payable	45,216	24,380	35,480	33,794	138,870
TOTAL LONG-TERM LIABILITIES	45,216	5,438,617	6,069,479	33,794	11,587,106
TOTAL LIABILITIES	1,306,122	6,174,715	7,084,820	205,446	14,771,103
Net Assets					
Net investment in capital assets	16,518,342	6,534,723	8,891,950	1,026,445	32,971,460
Restricted	-	972,133	1,424,230	30,047	2,426,410
Unrestricted	10,623,008	2,128,088	1,885,521	635,672	15,272,289
TOTAL NET ASSETS	\$ 27,141,350	\$ 9,634,944	\$ 12,201,701	\$ 1,692,164	\$ 50,670,159

CITY OF WEST PLAINS, MISSOURI
 UTILITY REVENUE AND EXPENSE SCHEDULE BY DEPARTMENT
 Year Ended March 31, 2013

		Utility Fund				
		Revenues	Expenses	Revenues over Expenses	Less Overhead	Net Income
Electric	\$ 15,328,184	\$ 14,724,488	\$ 603,696	\$ 810,156	\$ (206,460)	
Water	2,266,903	1,515,860	751,043	245,501	505,542	
Sewer	1,576,498	1,326,663	249,835	85,926	163,909	
Refuse	1,935,955	1,837,480	98,475	85,926	12,549	
	<u>\$ 21,107,540</u>	<u>\$ 19,404,491</u>	<u>\$ 1,703,049</u>	<u>\$ 1,227,509</u>	<u>\$ 475,540</u>	
OVERHEAD						
Warehouse		\$ 123,851	\$ (123,851)			
Administration		919,548	(919,548)			
Safety		15,191	(15,191)			
Engineering		115,400	(115,400)			
Shop		53,519	(53,519)			
		<u>1,227,509</u>	<u>(1,227,509)</u>			
GRAND TOTALS	<u>\$ 21,107,540</u>	<u>\$ 20,632,000</u>	<u>\$ 475,540</u>			



DAVIS, LYNN &
MOOTS, P.C.
Certified Public
Accountants

LARRY M. BROWN, CPA
LAWRENCE W. DAVIS, CPA
ANTHONY D. LYNN, CPA
RANDALL G. MOOTS, CPA
ANGELA M. PATRICK, CPA
ANDREW A. MARMOUGET, CPA

3828 SOUTH AVENUE
SPRINGFIELD, MO 65807
(417) 882-0904
FAX (417) 882-4343

www.dlmcpa.com
e-mail: cpa@dlmcpa.com

**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, 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, the financial statements of the governmental activities, business-type activities, the discretely presented component units, and each major fund of the City of West Plains, Missouri, as of and for the year ended March 31, 2013, and the related notes to the financial statements, which collectively comprise the City of West Plains, Missouri's basic financial statements, and have issued our report thereon, dated August 28, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of West Plains, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 of West Plains, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

Other Matters

We noted certain other matters that we have reported to management of the City in a separate letter dated August 28, 2013.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of West Plains, Missouri's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of West Plains, Missouri's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
August 28, 2013