

CITY OF WEST PLAINS, MISSOURI
BASIC FINANCIAL STATEMENTS
Year Ended March 31, 2009

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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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of West Plains, Missouri, as of and for the year ended March 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of West Plains, Missouri's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from the City's 2008 financial statements and, in our report dated September 15, 2008, we expressed an unqualified opinion on the basic financial statements.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the discretely presented component units and each major fund of the City of West Plains, Missouri, as of March 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Plains, Missouri's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended March 31, 2009, and, in our opinion, is fairly stated in all material respects, in relation to the respective basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Davis, Lynn & Moots, PC". The signature is written in a cursive, slightly slanted style.

DAVIS, LYNN & MOOTS, P.C.
September 2, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2009

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, 2009. Please read it in conjunction with the City's financial statements, which begin on page 15.

Financial Highlights

- The net assets of the City's governmental activities decreased by \$334,433 as a result of current year activities. The net assets of the City's business activities increased by \$3,195,360 for the year.
- The assets of the City exceeded its liabilities as of March 31, 2009, by \$83.8 million (net assets). Of this amount \$13.9 million was unrestricted and may be used to meet future obligations of the City.
- Total long-term liabilities of the City decreased by \$1.2 million.
- The City currently has a voter approved half-cent transportation tax that has been extended through 2012, with an approval rating of 75%. One hundred percent of this tax is used for street and bridge construction and maintenance as well as the equipment necessary to complete this work. During FY09, 23 street projects were completed at a total cost of \$1.27 million, which were financed with this tax.
- In April 2005, the voters approved the extension of a half-cent capital improvement tax with a 69% voter approval rate. Certificates of Participation were issued in May 2006 for financing the expansion and remodeling of various city projects. During FY09, the new police station and a City Hall expansion were completed using these funds. The Municipal Court was also moved into remodeled facilities. Completed projects include: expansion and remodel of the senior citizens center building, a new fire station, playground equipment for Butler Park, a new police station, a new city hall, and remodeled facility for the municipal court. The Civic Center project will come under bid during the next fiscal year. The tax also provides operating money for the civic center and the library, both of which were constructed with the original capital improvement tax.
- The City continues to seek grants to assist with improvements of facilities, infrastructure, equipment and City services. This fiscal year the City was awarded grants totaling more than \$900,000. Many areas of the City benefitted from these funds including the airport, transit system, police, fire and a much needed bridge with pedestrian crossing was built on Washington Avenue.

Using This Annual Report

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2009

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2009

Notes to the Basic Financial Statements

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

Government-Wide Financial Analysis

NET ASSETS

The following table presents the condensed Statement of Net Assets for the City as of March 31, 2009:

	Governmental Activities	Business-Type Activities	Total March 31, 2009	Total March 31, 2008
Current and other assets	\$ 7,181,035	\$ 13,501,884	\$ 20,682,919	\$ 20,415,057
Capital assets	40,011,464	45,364,994	85,376,458	85,116,804
TOTAL ASSETS	47,192,499	58,866,878	106,059,377	105,531,861
Other liabilities	1,582,523	1,873,243	3,455,766	4,539,212
Long-term liabilities	6,304,240	12,481,602	18,785,842	20,035,807
TOTAL LIABILITIES	7,886,763	14,354,845	22,241,608	24,575,019
Net assets:				
Invested in capital assets				
net of related debt	32,889,319	32,290,711	65,180,030	68,077,178
Restricted	2,622,323	2,057,003	4,679,326	4,137,957
Unrestricted	3,794,094	10,164,319	13,958,413	8,741,707
TOTAL NET ASSETS	<u>\$ 39,305,736</u>	<u>\$ 44,512,033</u>	<u>\$ 83,817,769</u>	<u>\$ 80,956,842</u>

Total net assets of the City increased by \$2,860,927 for the year due to current year activity. Total liabilities for the City have decreased by \$2.3 million. Restricted net assets of the City totaled \$4.7 million as of March 31, 2009. 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, 2009

CHANGES IN NET ASSETS

	Governmental Activities	Business-Type Activities	Total March 31, 2009	Total March 31, 2008
REVENUES				
Program Revenues				
Charges for services	\$ 1,718,270	\$ 20,390,318	\$ 22,108,588	\$ 22,347,816
Operating grants and contributions	197,157	-	197,157	73,266
Capital grants and contributions	905,261	52,534	957,795	902,000
General Revenues				
Sales taxes	6,000,811	-	6,000,811	6,035,033
Ad valorem taxes	668,760	-	668,760	646,664
Motor vehicle and gas taxes	411,822	-	411,822	446,980
Other taxes	145,313	-	145,313	130,362
Franchise taxes	2,196,931	-	2,196,931	1,123,559
Interest	108,323	212,476	320,799	735,056
Other revenue	132,159	-	132,159	212,907
TOTAL REVENUES	12,484,807	20,655,328	33,140,135	32,653,643
EXPENSES				
Administrative	966,044	-	966,044	932,440
Safety	15,753	-	15,753	14,120
Engineering	273,022	-	273,022	317,713
Building official	48,425	-	48,425	44,745
City attorney	102,160	-	102,160	110,691
Court	109,460	-	109,460	103,018
Police	1,431,316	-	1,431,316	1,460,933
Animal control	55,041	-	55,041	52,863
Emergency management	45,748	-	45,748	33,275
Public safety	33,719	-	33,719	55,183
Fire	1,075,260	-	1,075,260	794,949
Airport	538,694	-	538,694	504,660
Street	3,681,633	-	3,681,633	3,683,260
Cemetery	126,447	-	126,447	126,836
Construction	125,160	-	125,160	148,922
Shop	61,041	-	61,041	59,090
Health	21,325	-	21,325	19,959
City hall complex	402,141	-	402,141	61,150
City beautification	5,945	-	5,945	6,474
Economic development	416,424	-	416,424	526,837
Tourist development	127,938	-	127,938	123,423
Parks and recreation	936,143	-	936,143	802,507
Golf	313,999	-	313,999	314,551
Transit	162,561	-	162,561	138,868
Library	646,740	-	646,740	704,213
Civic center	767,203	-	767,203	796,419
Galloway park department	9,362	-	9,362	19,932
Senior citizens	53,639	-	53,639	45,846
Other	323,072	-	323,072	169,448
Debt service	12,191	-	12,191	12,191
Water	-	1,639,366	1,639,366	1,578,961
Sewer	-	1,465,802	1,465,802	1,382,506
Electric	-	12,355,572	12,355,572	12,405,655
Refuse	-	1,807,370	1,807,370	1,778,277
Storm water engineering	-	123,492	123,492	-
TOTAL EXPENSES	12,887,606	17,391,602	30,279,208	29,329,915
TRANSFERS				
Transfer In (out)	68,366	(68,366)	-	-
INCREASE (DECREASE) IN NET ASSETS	\$ (334,433)	\$ 3,195,360	\$ 2,860,927	\$ 3,323,728

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2009**

Governmental Activities

Governmental activities decreased the net assets of the City by \$334,433. Tax revenues for the City were \$9,423,637, which represents 75% of the funding of these activities. Program revenues for the functions totaled just \$2,820,688 or only 23% 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' NINE LARGEST
GOVERNMENTAL ACTIVITIES**

	Total Cost of Services	Net Cost of Services
Administration	\$ 966,044	\$ 851,691
Police	1,431,316	1,140,676
Fire	1,075,260	943,697
Airport	538,694	(116,502)
Street	3,681,633	3,251,493
City Hall Complex	402,141	402,141
Parks and Recreation	936,143	608,366
Library	646,740	598,173
Civic Center	767,203	470,837
Other Governmental Activities	2,442,432	1,916,346
	\$ 12,887,606	\$ 10,066,918

Business-Type Activities

Business-type activities increased the City's net assets by \$3,195,360. This is down from the increase received last year from the City's business-type activities. The increase in the prior year was \$3,977,774.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2009

Financial Analysis of the City's Funds

The combined fund balances of the City's governmental funds as of March 31, 2009, were \$6,411,768. The General Fund decreased by \$1,812,793. The Tax Increment Financing #1 Fund increased \$3,235. The Tax Increment Financing #2 Fund and the Tax Increment Financing #3 Fund did not change.

\$3,160,024 was depleted from the Certificate of Participation bond construction fund during this fiscal year as payment was made for the police station, city hall complex and the renovation of the municipal court. This created a decrease in the General Fund balance. Several things had an offsetting positive impact on the General Fund. The City received a one-time settlement from both AT&T and US Cellular for franchise fees in the amount of \$347,000. Restricted funds increased a total of nearly \$200,000 in the area of transportation tax that will be used next fiscal year for street repairs, and capital improvement tax that is held to make the annual bond payment. Accounts payable decreased \$485,569. While these items offset some of the decrease created by the reduction in the COP funds, the net effect to the General Fund for the fiscal year was a decrease.

General Fund Budgetary Highlights

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

- The original budget is prepared and approved prior to the beginning of the fiscal year. The budget is reviewed and amended each year at the mid-year mark and then as necessary. Department heads are given budget worksheets at the six-month period and asked to recommend changes to their budgeted expenditures as necessary. Administration reviews sales tax and other revenue sources to see if any budget amendments are required in estimated revenues. The changes are then compiled and reviewed by the City Administrator. The amended budget is prepared and cash flows are checked. The amended budget then goes to Council for approval by Ordinance in November of each year at a public meeting.
- The original General Fund Revenue budget of \$11,768,284 was increased to \$12,359,795. Grants that were approved and received but not originally budgeted would account for \$210,100 of this increase. Another large change is one made to Franchise Tax Revenue in the amount of \$495,000, which is attributable to the one-time cell phone settlements received as well as an increase in franchise fees that was approved by Council for electric but not calculated in the original budget. Interest Revenue line items had to be amended, as during budget preparation interest had been assumed to remain constant from the previous year but rates fell dramatically throughout the fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2009

- The original General Fund expense budget was amended upward from \$14,588,025 to \$15,078,043. \$269,873 can be explained by the grant expenditures that were not included in the original budget but were amended in line with the revenues received. There was also an amendment to the capital improvements department of \$47,600 which is attributed to expenditures for the civic center that were not included in the original budget. The Council approved the forgiveness of a loan to the Downtown Association in the amount of \$95,000. This assisted the Downtown Association to receive federal grant money that may not have otherwise been obtained. Other various expenditures were amended in many departments such as fuel costs that increased significantly during the year as gasoline prices nearly doubled for a portion of the fiscal year. Professional fees increased with the fees associated with the AT&T and US Cellular lawsuit that was settled during the year.
- 99.57% of the amended budget for revenue was received. The City had a shortfall of \$52,548 under the amended overall revenue of \$12,359,795 budgeted for the fiscal year. The Golf Course was \$56,712 under budget as green fees and golf cart rentals did not reach the budgeted amounts. Sales taxes did not quite reach expected levels and some grant revenue that was budgeted for the fiscal year was not received. Other departments had revenues over what was budgeted such as the police department that collect fines of \$37,598 more than anticipated. The City received some disaster relief that was not budgeted for a flood that affected the City. Overall the City revenue came within .43% of what was budgeted at amendment time.
- Expenditures that had been budgeted for \$15,078,043 were actually \$14,077,541 or 6.64% below budget. This variance of \$1,000,503 can be credited to three main items. The first is \$126,000 that was budgeted for an animal control facility. This facility was not constructed during the fiscal year but should be completed next year. The street department was \$329,229 below budget which can be explained by a lower than projected number of street construction projects being completed. Problems occurred with the contractor that received the street bid during this fiscal year causing this contractor to be unable to complete as many projects as had been budgeted. The transportation tax funds were held in reserve and these streets will be completed during the next fiscal year and a new contractor will be chosen. Finally, Capital Improvements were under budget in the amount of \$437,051. This is a variance from what was budgeted for the City Hall Complex/Police Department during this fiscal year and what was actually paid out for the project this fiscal year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CITY OF WEST PLAINS, MISSOURI
March 31, 2009**

Capital Asset and Debt Administration

Capital Assets

Capital assets of the governmental activities were \$40 million (net of accumulated depreciation) as of March 31, 2009. This represents a \$567,740 increase from the prior year due primarily to current year additions to construction in progress, infrastructure, building improvements, less current year depreciation. Capital assets for business-type activities were \$45.4 million as of March 31, 2009. This represents a decrease of \$308,086 from the prior year.

Debt Administration

Total debt of the governmental activities as of March 31, 2009, was \$7.3 million, which is down \$927,064 from the prior year. This is due to principal payments of \$937,906 on capital lease agreements and certificates of participation.

Total debt of the business-type activities as of March 31, 2009, was \$13.2 million, which is down by \$647,857 from the prior year. This is due to principal payments made on the City's revenue bonds.

Economic Factors and Next Year's Budget

The economic environment of the nation and state as a whole played a large part in the projections used to develop the FY10 budget. The budget was trimmed back while still keeping the intent to provide service to our citizens efficiently and economically within the expected revenue base. City sales tax was predicted to decline. The City Council opted to take a proactive approach of reducing expenditures in preparation for the decline in revenue. Almost all major capital purchases were put on hold for the year. A review of the parks department services was made which resulted in a cut-back of operating hours for the pool. Wages were frozen for all city workers until mid-year. Tax revenue will then be reviewed to see if changes can be made at that time. The City continues to be preparing for changes in electricity sources and will be negotiating various contract options. Reserves are being maintained in preparation for increases in electricity costs with these new contracts.

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
fugatr@townsqr.com
finance@westplains.net

Royce Fugate, City Administrator
Dixie Williams, Finance Director

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF NET ASSETS
March 31, 2009

	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	\$ 1,088,249	\$ 7,546,768	\$ 8,635,017	\$ 9,640	\$ 120,909	\$ 94,971	\$ -
Investments - unrestricted	-	-	-	224,462	-	-	-
Taxes receivable	891,022	-	891,022	-	-	-	-
Utilities receivable, net	-	1,557,824	1,557,824	-	-	-	-
Other accounts receivable	105,311	451,349	556,660	-	823	-	-
Court fines receivable	69,620	-	69,620	-	-	-	-
Intergovernmental receivable	227,386	-	227,386	-	-	-	-
Internal balances	78,323	(78,323)	-	-	-	-	-
Inventory	65,237	1,320,407	1,385,644	-	-	-	-
Prepaid expenses	106,709	79,602	186,311	-	-	-	-
Noncurrent							
Restricted cash and cash equivalents	3,469,680	1,240,744	4,710,424	-	-	-	-
Restricted investments	733,411	1,239,961	1,973,372	-	-	-	-
MODAG receivable	138,838	-	138,838	-	-	-	-
Deferred bond issuance costs	207,249	143,552	350,801	-	-	-	-
Capital Assets:							
Non-depreciable	3,791,039	213,089	4,004,128	-	-	-	-
Depreciable, net	36,220,425	45,151,905	81,372,330	-	3,168,950	93,590	-
TOTAL ASSETS	47,192,499	58,866,878	106,059,377	234,102	3,290,682	188,561	-
LIABILITIES							
Current							
Accounts payable	414,661	568,038	982,699	-	15,990	95,500	14,152
Accrued expenses	67,012	56,805	123,817	-	6,440	3,297	-
Accrued interest payable	98,705	109,698	208,403	-	-	-	-
Deposits payable	-	423,702	423,702	-	-	-	-
Bond anticipation notes payable	-	-	-	-	3,007,507	-	-
Current maturities of long-term debt	1,002,145	715,000	1,717,145	-	-	-	-
	1,582,523	1,873,243	3,455,766	-	3,029,937	98,797	14,152
Noncurrent							
Compensated absences payable	184,240	122,319	306,559	-	-	-	-
Certificates of participation	6,120,000	-	6,120,000	-	-	-	-
Revenue bonds payable	-	12,359,283	12,359,283	-	-	-	-
	6,304,240	12,481,602	18,785,842	-	-	-	-
TOTAL LIABILITIES	7,886,763	14,354,845	22,241,608	-	3,029,937	98,797	14,152
NET ASSETS							
Invested in capital assets, net of related debt	32,889,319	32,290,711	65,180,030	-	161,443	93,590	-
Restricted	2,622,323	2,057,003	4,679,326	-	-	-	-
Unrestricted	3,794,094	10,164,319	13,958,413	234,102	99,302	(3,826)	(14,152)
TOTAL NET ASSETS	\$ 39,305,736	\$ 44,512,033	\$ 83,817,769	\$ 234,102	\$ 260,745	\$ 89,764	\$ (14,152)

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF ACTIVITIES
Year Ended March 31, 2009

Functions/Programs	Net (Expenses), Revenues and Changes in Net Assets										
	Program Revenues				Primary Government			Component Units			
	Expenses	Charges	Operating	Capital	Governmental	Business-Type	Total	West Plains	South 160	63 ByPass	Southern Hills
		for	Grants and	Grants and				Public	Community	Community	Community
	Services	Contributions	Contributions	Activities	Activities		Library	Improvement	Improvement	Improvement	
							Foundation	District	District	District	
Primary Government											
Governmental activities											
Administrative	\$ (966,044)	\$ 107,461	\$ 6,892	\$ -	\$ (851,691)	\$ -	\$ (851,691)	\$ -	\$ -	\$ -	\$ -
Safety	(15,753)	-	-	-	(15,753)	-	(15,753)	-	-	-	-
Engineering	(273,022)	-	-	-	(273,022)	-	(273,022)	-	-	-	-
Building official	(48,425)	-	673	-	(47,752)	-	(47,752)	-	-	-	-
City attorney	(102,160)	-	-	-	(102,160)	-	(102,160)	-	-	-	-
Court	(109,460)	-	-	-	(109,460)	-	(109,460)	-	-	-	-
Police	(1,431,316)	253,719	10,727	26,194	(1,140,676)	-	(1,140,676)	-	-	-	-
Animal control	(55,041)	3,950	-	-	(51,091)	-	(51,091)	-	-	-	-
Emergency management	(45,748)	-	20,568	-	(25,180)	-	(25,180)	-	-	-	-
Public safety	(33,719)	-	-	-	(33,719)	-	(33,719)	-	-	-	-
Fire	(1,075,260)	-	6,079	125,484	(943,697)	-	(943,697)	-	-	-	-
Airport	(538,694)	509,713	-	145,483	116,502	-	116,502	-	-	-	-
Street	(3,681,633)	-	113,117	317,023	(3,251,493)	-	(3,251,493)	-	-	-	-
Cemetery	(126,447)	21,700	70	-	(104,677)	-	(104,677)	-	-	-	-
Construction	(125,160)	-	-	-	(125,160)	-	(125,160)	-	-	-	-
Shop	(61,041)	-	-	-	(61,041)	-	(61,041)	-	-	-	-
Health	(21,325)	-	-	-	(21,325)	-	(21,325)	-	-	-	-
City hall complex	(402,141)	-	-	-	(402,141)	-	(402,141)	-	-	-	-
City beautification	(5,945)	-	-	-	(5,945)	-	(5,945)	-	-	-	-
Economic development	(416,424)	-	-	149,069	(267,355)	-	(267,355)	-	-	-	-
Tourist development	(127,938)	-	8,643	-	(119,295)	-	(119,295)	-	-	-	-
Parks and recreation	(936,143)	254,265	2,529	70,983	(608,366)	-	(608,366)	-	-	-	-
Golf	(313,999)	184,400	-	-	(129,599)	-	(129,599)	-	-	-	-
Transit	(162,561)	32,467	-	71,025	(59,069)	-	(59,069)	-	-	-	-
Library	(646,740)	20,708	27,859	-	(598,173)	-	(598,173)	-	-	-	-
Civic center	(767,203)	296,366	-	-	(470,837)	-	(470,837)	-	-	-	-
Galloway park department	(9,362)	-	-	-	(9,362)	-	(9,362)	-	-	-	-
Senior citizens	(53,639)	-	-	-	(53,639)	-	(53,639)	-	-	-	-
Other	(323,072)	33,521	-	-	(289,551)	-	(289,551)	-	-	-	-
Debt service	(12,191)	-	-	-	(12,191)	-	(12,191)	-	-	-	-
TOTAL GOVERNMENTAL											
ACTIVITIES	(12,887,606)	1,718,270	197,157	905,261	(10,066,918)	-	(10,066,918)	-	-	-	-

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
BALANCE SHEET – GOVERNMENTAL FUNDS
March 31, 2009

	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	\$ 1,088,249	\$ -	\$ -	\$ -	\$ 1,088,249
Taxes receivable	891,022	-	-	-	891,022
Other accounts receivable	105,311	-	-	-	105,311
Court fines receivable	69,620	-	-	-	69,620
Intergovernmental receivable	227,386	-	-	-	227,386
Due from other funds	76,551	1,772	-	-	78,323
Inventory	65,237	-	-	-	65,237
Prepaid expenses	106,709	-	-	-	106,709
MODAG receivable	138,838	-	-	-	138,838
Restricted cash and cash equivalents	3,219,694	249,986	-	-	3,469,680
Restricted investments	733,411	-	-	-	733,411
TOTAL ASSETS	\$ 6,722,028	\$ 251,758	\$ -	\$ -	\$ 6,973,786
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 414,661	\$ -	\$ -	\$ -	\$ 414,661
Accrued expenses	67,012	-	-	-	67,012
Deferred revenue	80,345	-	-	-	80,345
TOTAL LIABILITIES	562,018	-	-	-	562,018
Fund Balances					
Reserved reported in:					
General Fund	3,953,105	-	-	-	3,953,105
Special Revenue Funds	-	251,758	-	-	251,758
Unreserved, reported in:					
General Fund	2,206,905	-	-	-	2,206,905
TOTAL FUND BALANCES	6,160,010	251,758	-	-	6,411,768
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,722,028	\$ 251,758	\$ -	\$ -	\$ 6,973,786

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF
 NET ASSETS
 March 31, 2009

Fund balance - total governmental funds	\$ 6,411,768
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	87,024,289
Less accumulated depreciation	<u>(47,012,825)</u>
	40,011,464
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(98,705)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(7,306,385)
Unamortized issuance costs on certificates of participation	207,249
Adjustment of deferred revenue	<u>80,345</u>
Net assets of governmental activities	<u><u>\$ 39,305,736</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, 2009

	General Fund	Tax Increment Financing #1 Fund	Tax Increment Financing #2 Fund	Tax Increment Financing #3 Fund	Total Governmental Funds
REVENUES					
Taxes	\$ 9,100,564	\$ 19,240	\$ 227,832	\$ 76,000	\$ 9,423,636
Licenses and permits	64,451	-	-	-	64,451
Intergovernmental revenues	1,081,175	-	-	-	1,081,175
Charges for services	1,691,701	-	-	-	1,691,701
Miscellaneous	258,490	3,235	-	-	261,725
TOTAL REVENUES	12,196,381	22,475	227,832	76,000	12,522,688
EXPENDITURES					
Current					
Administrative	1,962,796	-	-	-	1,962,796
Safety	15,753	-	-	-	15,753
Engineering	272,739	-	-	-	272,739
Building official	46,210	-	-	-	46,210
City attorney	102,160	-	-	-	102,160
Court	109,460	-	-	-	109,460
Police	1,609,671	-	-	-	1,609,671
Animal control	131,321	-	-	-	131,321
Emergency management	45,748	-	-	-	45,748
Public safety	21,423	-	-	-	21,423
Fire	852,016	-	-	-	852,016
Airport	679,399	-	-	-	679,399
Street	2,242,225	-	-	-	2,242,225
Cemetery	131,008	-	-	-	131,008
Construction	125,160	-	-	-	125,160
Shop	59,898	-	-	-	59,898
Health	21,325	-	-	-	21,325
City hall complex	2,598,481	-	-	-	2,598,481
City beautification	5,945	-	-	-	5,945
Economic development	416,424	-	-	-	416,424
Tourist development	123,983	-	-	-	123,983
Parks and recreation	769,623	-	-	-	769,623
Golf	299,442	-	-	-	299,442
Transit	144,850	-	-	-	144,850
Library	591,703	-	-	-	591,703
Civic center	668,433	-	-	-	668,433
Galloway park department	8,221	-	-	-	8,221
Senior citizens	22,123	-	-	-	22,123
Other	-	19,240	227,832	76,000	323,072
TOTAL EXPENDITURES	14,077,540	19,240	227,832	76,000	14,400,612
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,881,159)	3,235	-	-	(1,877,924)
OTHER FINANCING SOURCES					
Operating Transfer In	68,366	-	-	-	68,366
TOTAL OTHER FINANCING SOURCES	68,366	-	-	-	68,366
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	(1,812,793)	3,235	-	-	(1,809,558)
FUND BALANCE, April 1	7,972,803	248,523	-	-	8,221,326
FUND BALANCE, March 31	\$ 6,160,010	\$ 251,758	\$ -	\$ -	\$ 6,411,768

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, 2009

Net change in fund balances - total governmental funds \$ (1,809,558)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives on a straight line basis and reported as depreciation expense. The following is the detail of the amount by which capital outlay exceeded depreciation for the year.

Capital outlay	3,936,648
Depreciation	<u>(3,368,908)</u>
	567,740

Some revenues reported in the governmental funds represent current financial resources and were recognized in the statement of activities when earned. (37,881)

The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding debt whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net affect of these differences.

Repayment of principal on COPs and leases	937,906
COP issuance costs	(12,191)
Accrued interest payable	<u>30,392</u>
	956,107

Some expenditures reported in the governmental funds represent the use of current financial resources and were recognized in the statement of activities when incurred. (10,841)

Change in net assets of governmental activities \$ (334,433)

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF NET ASSETS – ENTERPRISE FUND
March 31, 2009

	Utility Fund	
	March 31,	
	2009	2008
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 7,546,768	\$ 6,110,728
Utilities receivable, net	1,557,824	1,674,863
Other accounts receivable	451,349	331,721
Inventory	1,320,407	953,418
Prepaid expenses	79,602	48,656
TOTAL CURRENT ASSETS	10,955,950	9,119,386
Restricted Assets		
Cash and cash equivalents	1,240,744	445,892
Investments	1,239,961	1,229,638
Deferred Debt Issuance Costs	143,552	153,479
Property, Plant and Equipment	65,052,478	63,739,066
Less accumulated depreciation	(19,687,484)	(18,065,986)
TOTAL PROPERTY, PLANT AND EQUIPMENT	45,364,994	45,673,080
TOTAL ASSETS	58,945,201	56,621,475
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	568,038	855,762
Accrued expenses	56,805	51,779
Accrued interest payable	109,698	118,027
Internal balances	78,323	18,930
Meter deposits payable	423,702	415,845
Current maturities of long-term debt	715,000	670,000
TOTAL CURRENT LIABILITIES	1,951,566	2,130,343
Long-Term Liabilities		
Revenue bonds payable	12,359,283	13,052,140
Compensated absences payable	122,319	122,319
TOTAL LONG-TERM LIABILITIES	12,481,602	13,174,459
TOTAL LIABILITIES	14,433,168	15,304,802
Net Assets		
Invested in capital assets, net of related debt	32,290,711	31,950,940
Restricted	2,057,003	1,703,785
Unrestricted	10,164,319	7,661,948
TOTAL NET ASSETS	\$ 44,512,033	\$ 41,316,673

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – ENTERPRISE FUND
Year Ended March 31, 2009

	Year Ended March 31,	
	2009	2008
OPERATING REVENUES		
Charges for services		
Electric	\$ 14,795,462	\$ 15,306,836
Water	1,883,785	1,946,006
Sewer	1,791,879	1,676,206
Refuse	1,858,968	1,846,727
Stormwater	60,224	-
TOTAL OPERATING REVENUES	20,390,318	20,775,775
OPERATING EXPENSES		
Electric		
Wages and benefits	642,244	617,637
Franchise fees	1,323,682	746,867
Engineering	25,382	25,216
Purchased power	8,292,297	8,888,715
Utilities	6,202	7,246
Other operating expenses	261,912	415,127
Depreciation	835,316	797,489
Water		
Wages and benefits	406,762	441,824
Engineering	81,957	31,253
Utilities	137,903	160,886
Other operating expenses	203,961	181,644
Depreciation	436,269	414,370
Sewer		
Wages and benefits	448,116	475,316
Utilities	81,446	87,839
Other operating expenses	191,692	182,208
Depreciation	372,034	235,811
Refuse		
Wages and benefits	723,172	694,499
Landfill service	507,303	521,970
Refuse utilities	12,740	10,736
Other operating expenses	298,321	295,639
Depreciation	172,705	168,187
Engineering		
Wages and benefits	108,749	112,364
Depreciation	2,938	2,938
Shop		
Wages and benefits	47,919	45,725
Depreciation	2,426	2,426

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – ENTERPRISE FUND
(CONTINUED)
Year Ended March 31, 2009

	Year Ended March 31,	
	<u>2009</u>	<u>2008</u>
Storm Water Engineering		
Wages and benefits	42,570	-
Contracted services	24,614	-
Other operating expenses	431	-
Administration and Warehouse		
Wages and benefits	545,958	508,412
Insurance	288,991	182,061
Utilities	56,875	33,737
Other operating expenses	203,224	206,968
Depreciation	4,996	3,371
	<u>16,791,107</u>	<u>16,498,481</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME	3,599,211	4,277,294
NONOPERATING REVENUES (EXPENSES)		
Interest income	212,476	344,128
Other revenue	52,534	3,270
Interest expense	(589,534)	(624,579)
Loss on disposal of equipment	(10,961)	(22,339)
	<u>(335,485)</u>	<u>(299,520)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)		
INCOME BEFORE OPERATING TRANSFERS OUT	3,262,726	3,977,774
Operating Transfer out	(68,366)	-
	<u>3,195,360</u>	<u>3,977,774</u>
NET INCOME		
NET ASSETS, April 1	41,316,673	37,338,899
NET ASSETS, March 31	<u>\$ 44,512,033</u>	<u>\$ 41,316,673</u>

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI
STATEMENT OF CASH FLOWS – ENTERPRISE FUND
Year Ended March 31, 2009

	Utility Fund	
	Year Ended March 31,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 20,395,586	\$ 20,679,397
Cash paid to suppliers	(12,684,592)	(12,779,474)
Cash paid to employees	(2,960,464)	(2,883,856)
Other cash received for nonoperating revenues	41,573	3,270
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,792,103	5,019,337
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Loans from other funds	59,393	7,713
Transfers (to) other funds	(68,366)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(8,973)	7,713
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(1,518,598)	(2,298,195)
Payment of principal on long-term debt	(647,857)	(637,857)
Payment of interest expense	(587,936)	(614,653)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,754,391)	(3,550,705)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	212,476	344,128
Purchase of investments	(10,323)	-
Maturity of investments	-	205,967
NET CASH PROVIDED BY INVESTING ACTIVITIES	202,153	550,095
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,230,892	2,026,440
CASH AND CASH EQUIVALENTS, Beginning of year	6,556,620	4,530,180
CASH AND CASH EQUIVALENTS, End of year	8,787,512	6,556,620
LESS RESTRICTED CASH AND CASH EQUIVALENTS	1,240,744	445,892
UNRESTRICTED CASH AND CASH EQUIVALENTS	<u>\$ 7,546,768</u>	<u>\$ 6,110,728</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 3,599,211	\$ 4,277,294
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,826,684	1,624,592
(Increase) decrease in:		
Receivables	(2,589)	(105,552)
Inventory	(366,989)	(92,872)
Prepaid expenses	(30,946)	(14,302)
Increase (decrease) in:		
Accounts payable	(287,724)	(694,188)
Accrued expenses	5,026	11,921
Meter deposits payable	7,857	9,174
Other cash received for nonoperating revenues	41,573	3,270
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,792,103</u>	<u>\$ 5,019,337</u>

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Reporting Entity

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

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

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 will become effective in October 2009. This District is an overlay for a Tax Increment Financing area.

Government-Wide and Fund Financial Statements

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

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended March 31, 2008, from which the summarized information was derived.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

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

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

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

The City reports the following major proprietary fund:

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

Capital Assets

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

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

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.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Pooled Cash And Cash Equivalents

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

Unreserved Fund Equity

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

Inventories

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

Revenue Recognition – Property Taxes

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

Compensated Absences

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

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 Financial Accounting Standards Board (FASB) Statement No. 62 - *Capitalization of Interest Cost in Situations Involving Certain Tax Exempt Borrowings and Certain Gifts and Grants*. There was no interest capitalized during the current fiscal year.

Net Assets

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

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

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

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

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

NOTE B – CASH AND CASH EQUIVALENTS

Primary Government

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, 2009, 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.

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2009

NOTE C – INVESTMENTS

Primary Government

Investments of the City as of March 31, 2009, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit	9/9/2009 - 6/20/2011	\$ 1,899,805
Societe General	1/1/2019	33,750
U.S. Treasury Notes (SLGS) held by United Missouri Bank Corporate Trust Services	7/1/2020	485
Fidelity Treasury Fund	N/A	12,080
CDC Funding Corporation	7/1/2021	27,252
		<u>\$ 1,973,372</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, 2009, all certificates of deposit are entirely insured or collateralized with securities.

Fidelity Treasury Fund

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

CDC Funding Corporation

The City has CDC Funding Corporation funds 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 interest account. The City’s CDC 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, 2009

NOTE C – INVESTMENTS (continued)

Societe General

The City has Societe General funds on deposit with United Missouri Bank, which are rated AAAM by Standard and Poor’s. Fair market value approximates cost as the City has a pro-rata share of the fund. These deposits are held in a trust account for the 1996B Wastewater System Revenue Bonds principal and interest accounts.

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 \$224,426 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 assets have been restricted in the following funds and activities as follows:

General Fund	Restricted Cash and Investments	Restricted Net Assets	Reserved Fund Balance
MODAG grant funds	\$ 71,918	\$ 71,918	\$ 71,918
Cemetery perpetual care	126,785	126,785	126,785
Capital projects	500,000	500,000	500,000
Land sale funds	189,623	189,623	189,623
Canine unit donations	100	100	100
DARE donations	1,722	1,722	1,722
Police seized funds	6,310	6,310	6,310
Cemetery capital	26,183	26,183	26,183
EDA grant	158,932	158,932	158,932
Fire alarms	1,874	1,874	1,874
Transportation tax	260,872	260,872	260,872
Capital improvement tax	254,141	254,141	254,141
Library	3,313	3,313	3,313
2006 COP reserves	768,792	768,792	768,792
2006 COP proceeds	1,582,540	-	1,582,540
	<u>\$ 3,953,105</u>	<u>\$ 2,370,565</u>	<u>\$ 3,953,105</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2009

NOTE D – RESTRICTED ASSETS (continued)

	Restricted Cash and Investments	Reserved Fund Balance/ Restricted Net Assets
Special Revenue Funds		
Reserved/restricted for debt service	\$ 249,986	\$ 251,758
Enterprise Fund		
2004 bond reserves	\$ 1,132,298	\$ 1,132,298
1996 bond reserves	73,568	73,568
2000 bond reserves	821,090	821,090
Service deposits	423,702	-
Landfill closure	30,047	30,047
	<u>\$ 2,480,705</u>	<u>\$ 2,057,003</u>

NOTE E – UTILITIES RECEIVABLE

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

	Gross Receivable	Allowance	Net Receivable
UTILITIES RECEIVABLE			
Enterprise Fund	\$ 2,277,246	\$ 719,422	\$ 1,557,824

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:

	2008
Assessed Valuation	
Real estate	\$ 94,492,358
Personal property	38,697,639
TOTAL	<u>\$ 133,189,997</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2009

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

	<u>2008</u>
Tax Rate Per \$100 of Assessed Valuation	
General Fund	\$.2700
Library Fund	.2273
	<u>\$.4973</u>

The legal debt margin at March 31, 2009, was computed as follows:

	<u>General Obligation Bonds</u>		
	<u>Ordinary (1)</u>	<u>Additional (2)</u>	<u>Total</u>
Constitutional Debt Limit	\$ 13,319,000	\$ 13,319,000	\$ 26,637,998
General Obligation Bonds Payable	-	-	-
LEGAL DEBT MARGIN	<u>\$ 13,319,000</u>	<u>\$ 13,319,000</u>	<u>\$ 26,637,998</u>

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

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

NOTE G – MODAG RECEIVABLE

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

	<u>Interest Rate</u>	<u>Annual Payment</u>	<u>Total Due</u>
West Plains Industrial Development Corporation	3%	\$ 7,500	\$ 88,286
West Plains Industrial Development Corporation	5%	14,500	<u>50,552</u>
			<u>\$ 138,838</u>

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

Long-term debt in the Enterprise Fund consists of 1996B Sewerage System Revenue Bonds, 2004 Sewer System Revenue Bonds, 2006 Waterworks System Revenue Refunding Bonds, 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, 2009, are listed in the following table:

Year Ended March 31,	Principal	Interest	Administrative Fee	Total
2010	\$ 135,000	\$ 78,550	\$ 10,639	\$ 224,189
2011	140,000	71,530	9,675	221,205
2012	150,000	64,110	8,675	222,785
2013	155,000	56,160	7,604	218,764
2014	165,000	47,945	6,497	219,442
2015	175,000	39,200	5,319	219,519
2016	180,000	29,925	4,070	213,995
2017	190,000	20,475	2,785	213,260
2018	200,000	10,500	1,428	211,928
	<u>\$ 1,490,000</u>	<u>\$ 418,395</u>	<u>\$ 56,692</u>	<u>\$ 1,965,087</u>

2004 Sewer System Revenue Bonds:

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

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2009

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

The annual debt service requirements to amortize the principal on the 2004 revenue bonds outstanding at March 31, 2009, are listed in the following table:

Year Ended March 31,	Principal	Interest	Total
2010	\$ 295,000	\$ 285,799	\$ 580,799
2011	305,000	276,799	581,799
2012	315,000	267,026	582,026
2013	325,000	256,223	581,223
2014	335,000	244,503	579,503
2015	345,000	231,834	576,834
2016	360,000	218,349	578,349
2017	375,000	203,919	578,919
2018	390,000	188,521	578,521
2019	405,000	172,119	577,119
2020	420,000	154,584	574,584
2021	440,000	136,094	576,094
2022	460,000	116,514	576,514
2023	480,000	94,394	574,394
2024	505,000	69,769	574,769
2025	1,115,000	28,570	1,143,570
	<u>\$ 6,870,000</u>	<u>\$ 2,945,017</u>	<u>\$ 9,815,017</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.

CITY OF WEST PLAINS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
March 31, 2009

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

The annual debt service requirements to amortize the principal on the 2006 revenue bonds outstanding at March 31, 2009, are listed in the following table:

Year Ended March 31,	Principal	Interest	Total
2010	\$ 285,000	\$ 210,060	\$ 495,060
2011	305,000	198,660	503,660
2012	330,000	186,460	516,460
2013	350,000	173,260	523,260
2014	375,000	159,260	534,260
2015	395,000	144,073	539,073
2016	410,000	127,877	537,877
2017	435,000	110,658	545,658
2018	460,000	92,170	552,170
2019	490,000	72,390	562,390
2020	540,000	50,953	590,953
2021	605,000	26,922	631,922
	<u>\$ 4,980,000</u>	<u>\$ 1,552,743</u>	<u>\$ 6,532,743</u>

A summary of the changes in long-term debt – business-type activities for the year ended March 31, 2009, is as follows:

	Balance March 31, 2008	Additions	Retirements	Balance March 31, 2009
Revenue Bonds				
1996B	\$ 1,615,000	\$ -	\$ 125,000	\$ 1,490,000
2004	7,155,000	-	285,000	6,870,000
2006	5,240,000	-	260,000	4,980,000
	<u>14,010,000</u>	<u>-</u>	<u>670,000</u>	<u>13,340,000</u>
Less:				
Deferred loss on debt refunding	(287,860)	-	(22,143)	(265,717)
	<u>13,722,140</u>	<u>-</u>	<u>647,857</u>	<u>13,074,283</u>
Compensated Absences	122,319	-	-	122,319
TOTAL	<u>\$ 13,844,459</u>	<u>\$ -</u>	<u>\$ 647,857</u>	<u>\$ 13,196,602</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2009

NOTE I – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Long-term debt for governmental activities at March 31, 2009, consists of a capital lease obligation, 2006 certificates of participation, and compensated absences payable.

Capital Lease Obligations:

On July 17, 1989, the City entered into a lease purchase agreement to finance the purchase of a winter sport complex. The agreement requires semi-annual lease payments of \$12,632, including interest at 8%.

The total annual minimum lease payments required at March 31, 2009, are as follows:

Year Ended March 31,	Winter Sport Complex
2010	\$ 12,632
TOTAL MINIMUM LEASE PAYMENTS	12,632
LESS AMOUNT REPRESENTING INTEREST	(487)
PRINCIPAL BALANCE, MARCH 31, 2009	<u>\$ 12,145</u>

2006 Certificates of Participation:

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

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2009

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

The annual debt service requirements to amortize principal on the 2006 certificates of participation outstanding at March 31, 2009, are listed in the following table:

Year Ended March 31,	Principal	Interest	Total
2010	\$ 990,000	\$ 258,369	\$ 1,248,369
2011	1,075,000	220,806	1,295,806
2012	1,155,000	179,820	1,334,820
2013	1,245,000	134,798	1,379,798
2014	630,000	98,858	728,858
2015	120,000	84,172	204,172
2016	125,000	79,241	204,241
2017	130,000	74,045	204,045
2018	135,000	68,579	203,579
2019	140,000	62,837	202,837
2020	145,000	56,816	201,816
2021	150,000	50,510	200,510
2022	160,000	43,805	203,805
2023	165,000	36,695	201,695
2024	175,000	29,215	204,215
2025	180,000	21,360	201,360
2026	190,000	13,127	203,127
2027	200,000	4,450	204,450
	<u>\$ 7,110,000</u>	<u>\$ 1,517,503</u>	<u>\$ 8,627,503</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2009

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, 2009, is as follows:

	Balance March 31, 2008	Additions	Retirements	Balance March 31, 2009
Capital Lease Obligations				
Winter sport complex	\$ 35,051	\$ -	\$ 22,906	\$ 12,145
Certificates of Participation				
2006	8,025,000	-	915,000	7,110,000
Compensated absences payable	173,398	10,842	-	184,240
TOTAL	<u>\$ 8,233,449</u>	<u>\$ 10,842</u>	<u>\$ 937,906</u>	<u>\$ 7,306,385</u>

NOTE K – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2009, was as follows:

Primary Government

	Balance March 31, 2008	Additions	Deletions	Balance March 31, 2009
Governmental Activities				
Non-depreciable capital assets:				
Construction in progress	\$ 2,544,799	\$ 836,251	\$ 2,453,537	\$ 927,513
Land	2,863,526	-	-	2,863,526
Total Non-depreciable Capital Assets	<u>\$ 5,408,325</u>	<u>\$ 836,251</u>	<u>\$ 2,453,537</u>	<u>\$ 3,791,039</u>

CITY OF WEST PLAINS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
March 31, 2009

NOTE K – CAPITAL ASSETS (continued)

	Balance March 31, 2008	Additions	Deletions	Balance March 31, 2009
Depreciable capital assets:				
Building and improvements	\$ 12,141,513	\$ 4,073,107	\$ 160,351	\$ 16,054,269
Machinery and equipment	1,974,470	473,761	79,788	2,368,443
Vehicles	2,638,903	147,371	-	2,786,274
Infrastructure	60,918,445	1,099,834	-	62,018,279
Land improvements	5,985	-	-	5,985
Total Depreciable Capital Assets	77,679,316	<u>\$ 5,794,073</u>	<u>\$ 240,139</u>	83,233,250
Less accumulated depreciation	43,643,917	<u>\$ 3,487,233</u>	<u>\$ 118,325</u>	47,012,825
Total Depreciable Capital Assets, net	<u>\$ 34,035,399</u>			<u>\$ 36,220,425</u>

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

Administration	\$ 1,977
Engineering	17,098
Police	41,196
Animal control	2,199
Public safety	12,297
Fire	135,930
Airport	39,941
Street	2,760,740
Cemetery	5,361
Shop	1,143
City hall complex	18,230
Tourist development	3,955
Parks and recreation	207,943
Golf	13,581
Transit	17,711
Library	54,929
Civic center	153,002
	<u>\$ 3,487,233</u>

CITY OF WEST PLAINS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
March 31, 2009

NOTE K – CAPITAL ASSETS (continued)

	Balance March 31, 2008	Additions	Deletions	Balance March 31, 2009
Business-Type Activities				
Water				
Non-depreciable capital assets:				
Land	\$ 120,601	\$ 826	\$ -	\$ 121,427
Depreciable capital assets:				
Buildings and improvements	65,913	-	-	65,913
Plant	14,300,241	527,842	-	14,828,083
Equipment	495,373	14,857	15,815	494,415
Transportation equipment	276,777	-	-	276,777
	<u>15,138,304</u>	<u>\$ 542,699</u>	<u>\$ 15,815</u>	<u>15,665,188</u>
Less accumulated depreciation	<u>4,726,959</u>	<u>\$ 446,629</u>	<u>\$ 14,445</u>	<u>5,159,143</u>
Depreciable Capital Assets, net	10,411,345			10,506,045
Electric				
Non-depreciable capital assets:				
Land	76,662	\$ -	\$ -	76,662
Total Non-depreciable Capital Assets	<u>76,662</u>	<u>\$ -</u>	<u>\$ -</u>	<u>76,662</u>
Depreciable capital assets:				
Buildings and improvements	215,515	\$ 4,341	\$ -	219,856
Plant	21,761,915	153,820	-	21,915,735
Equipment	2,010,406	324,548	-	2,334,954
Transportation equipment	1,265,418	81,632	132,991	1,214,059
	<u>25,253,254</u>	<u>\$ 564,341</u>	<u>\$ 132,991</u>	<u>25,684,604</u>
Less accumulated depreciation	<u>7,730,966</u>	<u>\$ 835,316</u>	<u>\$ 128,457</u>	<u>8,437,825</u>
Depreciable Capital Assets, net	17,522,288			17,246,779

CITY OF WEST PLAINS, MISSOURI
NOTES TO FINANCIAL STATEMENTS
March 31, 2009

NOTE K – CAPITAL ASSETS (continued)

	March 31, 2008	Additions	Deletions	March 31, 2009
Sewer				
Depreciable capital assets:				
Buildings and improvements	75,483	\$ -	\$ -	75,483
Plant	20,080,974	117,130	-	20,198,104
Equipment	566,871	52,299	-	619,170
Transportation equipment	39,310	50,811	-	90,121
	<u>20,762,638</u>	<u>\$ 220,240</u>	<u>\$ -</u>	<u>20,982,878</u>
Less accumulated depreciation	<u>4,347,924</u>	<u>\$ 372,034</u>	<u>\$ -</u>	<u>4,719,958</u>
Depreciable Capital Assets, net	16,414,714			16,262,920
Refuse				
Non-depreciable capital assets:				
Land	15,000	\$ -	\$ -	15,000
Depreciable capital assets:				
Buildings and improvements	247,651	-	-	247,651
Transfer station	540,911	-	-	540,911
Equipment	753,079	52,966	-	806,045
Transportation equipment	830,966	143,430	62,284	912,112
	<u>2,372,607</u>	<u>\$ 196,396</u>	<u>\$ 62,284</u>	<u>2,506,719</u>
Less accumulated depreciation	<u>1,260,137</u>	<u>\$ 172,705</u>	<u>\$ 62,284</u>	<u>1,370,558</u>
Depreciable Capital Assets, net	<u>1,112,470</u>			<u>1,136,161</u>
Total Capital Assets, net	<u>\$ 45,673,080</u>			<u>\$ 45,364,994</u>

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2009

NOTE K – CAPITAL ASSETS (continued)

Component Units

	Balance March 31, 2008	Additions	Deletions	Balance March 31, 2009
South 160 Community Improvement District				
Depreciable capital assets:				
Infrastructure	\$ 3,009,041	\$ 325,537	\$ -	\$ 3,334,578
	3,009,041	\$ 325,537	\$ -	3,334,578
Less accumulated depreciation	38,756	\$ 126,872	\$ -	165,628
Depreciable Capital Assets, net	<u>\$ 2,970,285</u>			<u>\$ 3,168,950</u>
63 ByPass Community Improvement District				
Depreciable capital assets:				
Infrastructure	\$ -	\$ 95,500	\$ -	\$ 95,500
	-	\$ 95,500	\$ -	95,500
Less accumulated depreciation	-	\$ 1,910	\$ -	1,910
Depreciable Capital Assets, net	<u>\$ -</u>			<u>\$ 93,590</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 401a and it is tax exempt.

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2009

NOTE L – EMPLOYEE PENSION PLAN (continued)

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

Funding Status

The City of West Plains' full-time employees do not contribute to the pension plan. The political subdivision is required to contribute at an actuarially determined rate; the current rate is 12.5% (general), 12.6% (police) and 16% (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

For 2008, the political subdivision's annual pension cost of \$649,176 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2006 and/or February 28, 2007, annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 29, 2008, included (a) a rate of return on the investment of present and future assets of 7.5% per year, compounded annually, (b) projected salary increases of 4.0% per year, compounded annually, attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 6.0% per year, depending on age and division, attributable to seniority/merit, (d) pre-retirement mortality based on the RP-2000 Combined Healthy Table set back 0 years for men and 0 years for women and, (e) post-retirement mortality based on the 1971 Group Annuity Mortality Table projected to 2000 set back 1 year for men and 7 years for women. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The amortization period at February 29, 2008, was 15 years.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2006	\$ 565,947	100%	\$ -
6/30/2007	602,556	100%	-
6/30/2008	649,176	100%	-

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2009

NOTE L – EMPLOYEE PENSION PLAN (continued)

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
02/29/08	\$ 12,068,915	\$ 13,105,323	\$ 1,036,408	92%	\$ 5,176,424	20%

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.

NOTE N – INTERNAL BALANCES

Internal balances as of March 31, 2009, consisted of the following:

	General Fund	Tax Increment Financing Funds	Utility Fund
Internal balances	\$ 76,551	\$ 1,772	\$ (78,323)

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2009

NOTE N – INTERNAL BALANCES (continued)

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, 2009, balances of interfund amounts receivable or payable have been recorded within the fund financial statements.

NOTE O – DEFERRED BOND ISSUANCE COSTS

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

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

A summary of the changes in the deferred bond issuance costs for the year ended March 31, 2009, is listed below:

	Balance March 31, 2008	Additions	Amortization	Balance March 31, 2009
Utility Fund	\$ 153,479	\$ -	\$ 9,927	\$ 143,552
Governmental Activities	\$ 219,440	\$ -	\$ 12,191	\$ 207,249

NOTE P – 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, 2009, 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.

CITY OF WEST PLAINS, MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 March 31, 2009

NOTE Q – DEBT REFUNDING

On May 1, 2006, the City issued \$5,790,000 in Series 2006 Waterworks System Refunding Revenue Bonds with interest rates ranging from 4.0% to 4.45%. The City issued the bonds to refund \$5,460,000 of outstanding Series 2000 Waterworks System Revenue Bonds with interest rates ranging from 4.4% to 5.625%. The City used the net proceeds to purchase U.S. government securities. The securities were deposited in an irrevocable trust to provide for debt service on the bonds through March 1, 2010, when the bonds will be redeemed. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements on March 31, 2009. \$4,849,300 of the defeased bonds is still outstanding and the cash and investment balance in the irrevocable trust account on March 31, 2009, was \$4,849,300.

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.

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

	Balance March 31, 2008	Additions	Amortization	Balance March 31, 2009
Utility Fund	\$ 287,860	-	\$ 22,143	\$ 265,717

NOTE R – SHORT-TERM DEBT

On December 12, 2008, 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 in 2009.

Short-term activity for the year ended March 31, 2009, is summarized below:

	Balance March 31, 2008	Additions	Retirements	Balance March 31, 2009
Bond Anticipation Notes	\$ 2,675,000	\$ 3,332,446	\$ (2,999,939)	\$ 3,007,507

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST PLAINS, MISSOURI
 SCHEDULE OF FUNDING PROGRESS
 Year Ended March 31, 2009

Missouri Local Government Employees Retirement System (LAGERS)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
2/28/2006	\$ 9,362,494	\$ 10,643,205	\$ 1,280,711	88%	\$ 4,441,618	29%
2/28/2007	10,810,915	12,555,910	1,744,995	86%	4,960,356	35%
2/29/2008	12,068,915	13,105,323	1,036,408	92%	5,176,424	20%

Note: The above assets and actuarial accrued liability do not include the assets and present value of benefits associated with the Benefit Reserve Fund and the Casualty Reserve Fund. The actuarial assumptions were changed in conjunction with the February 28, 2006, annual actuarial valuations. For a complete description of the actuarial assumptions used in the annual valuations, please contact the LAGERS office in Jefferson City.

CITY OF WEST PLAINS, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
 Year Ended March 31, 2009

	Year Ended March 31,				2008 Actual
	2009			Variance With Final Budget	
	Original Budget	Final Budget	Actual		
REVENUES					
Taxes					
Ad valorem taxes, penalties and interest	\$ 624,500	\$ 624,500	\$ 668,760	\$ 44,260	\$ 646,664
Surtax	57,800	57,800	60,038	2,238	57,046
Motor vehicle sales tax	137,000	121,000	106,745	(14,255)	130,118
Sales tax	2,931,100	2,931,100	2,837,954	(93,146)	2,976,974
Capital improvement sales tax	1,484,600	1,484,600	1,476,047	(8,553)	1,451,111
Transportation sales tax	1,425,600	1,425,600	1,363,737	(61,863)	1,437,535
State motor fuel tax	320,000	320,000	305,077	(14,923)	316,862
Franchise taxes	1,674,500	2,169,500	2,196,931	27,431	1,123,559
Hotel/motel taxes	76,500	76,500	72,071	(4,429)	65,261
Other taxes	13,100	13,100	13,204	104	8,055
	<u>8,744,700</u>	<u>9,223,700</u>	<u>9,100,564</u>	<u>(123,136)</u>	<u>8,213,185</u>
Licenses and Permits					
Liquor	11,000	11,000	10,293	(707)	11,595
Building permits	30,000	20,000	15,112	(4,888)	25,524
Business licenses	29,000	29,000	30,395	1,395	30,385
Other	8,500	9,900	8,651	(1,249)	9,429
	<u>78,500</u>	<u>69,900</u>	<u>64,451</u>	<u>(5,449)</u>	<u>76,933</u>
Intergovernmental Revenues					
Federal	394,934	569,594	600,521	30,927	441,451
State	342,000	468,000	455,881	(12,119)	145,178
Other	150,400	31,400	24,773	(6,627)	377,068
	<u>887,334</u>	<u>1,068,994</u>	<u>1,081,175</u>	<u>12,181</u>	<u>963,697</u>
Charges for Services					
Parks and recreation	154,400	150,200	141,972	(8,228)	136,438
Cemetery	13,000	13,000	21,700	8,700	14,943
Transit	34,600	32,600	32,467	(133)	28,660
Rental income	211,100	211,100	194,453	(16,647)	192,777
Concessions	167,000	158,400	138,218	(20,182)	131,973
Fuel sales	405,400	432,300	477,192	44,892	396,847
Golf	235,500	235,500	184,400	(51,100)	184,057
Fines and forfeitures	229,350	229,850	275,844	45,994	273,596
Civic Center	180,000	180,000	191,934	11,934	161,651
Other	28,500	27,500	33,521	6,021	32,414
	<u>1,658,850</u>	<u>1,670,450</u>	<u>1,691,701</u>	<u>21,251</u>	<u>1,553,356</u>
Miscellaneous					
Reimbursements	6,000	26,875	42,741	15,866	10,167
Interest	280,800	130,300	105,088	(25,212)	379,938
Donations and other contributions	11,800	20,166	20,176	10	8,299
Sale of property	56,400	55,900	56,396	496	160,179
Other	43,900	93,510	34,089	(59,421)	42,561
	<u>398,900</u>	<u>326,751</u>	<u>258,490</u>	<u>(68,261)</u>	<u>601,144</u>
TOTAL REVENUES	11,768,284	12,359,795	12,196,381	(163,414)	11,408,315

CITY OF WEST PLAINS, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – GENERAL FUND (CONTINUED)
 Year Ended March 31, 2009

	Year Ended March 31,				2008 Actual
	2009			Variance With Final Budget	
	Original Budget	Final Budget	Actual		
EXPENDITURES					
Current					
Administrative	1,867,600	1,911,400	1,962,796	(51,396)	2,321,453
Safety	18,300	18,300	15,753	2,547	14,120
Engineering	317,900	327,900	272,739	55,161	332,058
Building official	49,500	49,170	46,210	2,960	58,772
City attorney	86,200	90,700	102,160	(11,460)	110,691
Court	113,900	123,400	109,460	13,940	103,018
Police	1,525,600	1,582,840	1,609,671	(26,831)	1,582,298
Animal control	256,800	257,900	131,321	126,579	53,591
Emergency management	42,700	48,450	45,748	2,702	33,275
Public safety	44,100	20,800	21,423	(623)	42,887
Fire	630,300	823,200	852,016	(28,816)	1,684,679
Airport	585,775	606,898	679,399	(72,501)	483,511
Street	2,617,400	2,590,175	2,242,225	347,950	1,990,412
Cemetery	140,100	139,100	131,008	8,092	122,893
Construction	138,750	131,650	125,160	6,490	138,288
Shop	64,550	65,050	59,898	5,152	57,947
Health	20,400	20,400	21,325	(925)	19,959
City hall complex	3,004,400	3,019,800	2,598,481	421,319	2,313,006
City beautification	8,650	9,660	5,945	3,715	6,474
Economic development	407,700	508,350	416,424	91,926	526,837
Tourist development	141,890	143,390	123,983	19,407	119,468
Parks and recreation	715,250	769,550	769,623	(73)	631,815
Golf	340,560	338,460	299,442	39,018	298,915
Transit	144,050	147,550	144,850	2,700	121,157
Library	641,450	625,750	591,703	34,047	697,744
Civic center	617,500	665,100	668,433	(3,333)	666,378
Galloway park department	25,300	22,700	8,221	14,479	18,981
Senior citizens	21,400	20,400	22,123	(1,723)	411,076
TOTAL EXPENDITURES	14,588,025	15,078,043	14,077,540	1,000,503	14,961,703
EXCESS OF REVENUES (UNDER) EXPENDITURES	(2,819,741)	(2,718,248)	(1,881,159)	837,089	(3,553,388)
OTHER FINANCING SOURCES					
Operating Transfer In	-	-	68,366	68,366	-
EXCESS OF REVENUES AND OTHER SOURCES (UNDER) EXPENDITURES	(2,819,741)	(2,718,248)	(1,812,793)	905,455	(3,553,388)
FUND BALANCE, April 1	7,972,803	7,972,803	7,972,803	-	11,526,191
FUND BALANCE, March 31	<u>\$ 5,153,062</u>	<u>\$ 5,254,555</u>	<u>\$ 6,160,010</u>	<u>\$ 905,455</u>	<u>\$ 7,972,803</u>

CITY OF WEST PLAINS, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – TAX INCREMENT FINANCING #1 FUND
 Year Ended March 31, 2009

	Year Ended March 31,				
	2009				2008
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES					
Taxes					
Sales taxes	\$ 20,000	\$ 22,000	\$ 19,240	\$ (2,760)	\$ 20,961
Miscellaneous					
Interest	10,000	5,000	3,235	(1,765)	10,990
TOTAL REVENUES	30,000	27,000	22,475	(4,525)	31,951
EXPENDITURES					
Current					
Miscellaneous	244,500	27,000	19,240	7,760	20,996
TOTAL EXPENDITURES	244,500	27,000	19,240	7,760	20,996
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(214,500)	-	3,235	3,235	10,955
FUND BALANCE, April 1	248,523	248,523	248,523	-	237,568
FUND BALANCE, March 31	\$ 34,023	\$ 248,523	\$ 251,758	\$ 3,235	\$ 248,523

CITY OF WEST PLAINS, MISSOURI
 BUDGETARY COMPARISON SCHEDULE – TAX INCREMENT FINANCING #2 FUND
 Year Ended March 31, 2009

	Year Ended March 31,				2008
	2009				
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES					
Taxes					
Sales taxes	\$ -	\$ 234,250	\$ 227,832	\$ (6,418)	\$ 139,131
TOTAL REVENUES	-	234,250	227,832	(6,418)	139,131
EXPENDITURES					
Current					
Miscellaneous	-	234,250	227,832	6,418	139,131
TOTAL EXPENDITURES	-	234,250	227,832	6,418	139,131
EXCESS OF REVENUES (UNDER) 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, 2009

	Year Ended March 31,				2008
	2009				
	Original Budget	Final Budget	Actual	Variance With Final Budget	Actual
REVENUES					
Taxes					
Sales taxes	\$ -	\$ 82,300	\$ 76,000	\$ (6,300)	\$ 9,321
TOTAL REVENUES	-	82,300	76,000	(6,300)	9,321
EXPENDITURES					
Current					
Miscellaneous	-	82,300	76,000	6,300	9,321
TOTAL EXPENDITURES	-	82,300	76,000	6,300	9,321
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, 2009

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



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 the financial statements of the City of West Plains, Missouri as of and for the year ended March 31, 2009, and have issued our report thereon dated September 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of West Plains, Missouri's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

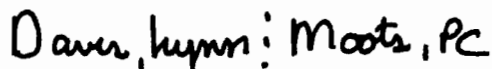
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered 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*.

We noted certain other matters that we have reported to management of the City of West Plains in a separate letter dated September 2, 2009.

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



DAVIS, LYNN & MOOTS, P.C.
September 2, 2009



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
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

We have audited the compliance of the City of West Plains, Missouri with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended March 31, 2009. The City of West Plains, Missouri's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the City of West Plains, Missouri's management. Our responsibility is to express an opinion on the City of West Plains, Missouri's compliance based on our audit.

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

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

In our opinion, the City of West Plains, Missouri complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended March 31, 2009.

Internal Control Over Compliance

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

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

Davis, Lynn & Moots, PC

DAVIS, LYNN & MOOTS, P.C.
September 2, 2009

CITY OF WEST PLAINS, MISSOURI
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended March 31, 2009

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Missouri Department of Economic Development Community Development Block Grant	14.228	2005-PF-40	\$ 149,069
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			149,069
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Missouri Department Public Safety Edward Byrne Memorial Grant	16.738	2008-LBGJ-069	6,302
Bulletproof Vest Grant	16.607	N/A	4,200
TOTAL U.S. DEPARTMENT OF JUSTICE			10,502
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
State Emergency Management Agency Emergency Management Performance Grant	97.042	N/A	18,207
State Homeland Security Grant Program	97.073	SHSP TEAMHRST	125,484
Public Assistance Grant	97.036	FEMA 1822-DR-MO	183,998
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			327,689
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Missouri Department of Transportation Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant	20.601	08-154-AL-50	2,372
Hazardous Moving Violation	20.600	08-PT-02-121	3,735
		09-PT-02-149	5,084
Airport Improvement Program	20.106	AIRE-045-104C	63,961
Airport Improvement Program		AIRE-055-104C	81,522
DWI Enforcement	20.607	LKK040	791
Missouri Highways and Transportation Commission Highway Planning and Construction	20.205	BRM 6601(902)	317,023
		STP-6600(908)	68,310
Federal Transit Capital Investment Grant	20.500	MO-03-0096	67,959
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			610,757
<u>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</u>			
Secretary of State Grants to States	45.310	08-LBE7-TMGC7CN7-5247	3,699
TOTAL NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES			3,699
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,101,716</u>

N/A - Not Applicable

CITY OF WEST PLAINS, MISSOURI
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended March 31, 2009

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

CITY OF WEST PLAINS, MISSOURI
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended March 31, 2009

A. SUMMARY OF AUDIT RESULTS

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

Highway Planning and Construction	20.205
Public Assistance	97.036
8. The threshold for determining Type A programs was \$300,000.
9. The City of West Plains, Missouri was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

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

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

CITY OF WEST PLAINS, MISSOURI
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended March 31, 2009

There were no prior audit findings.