

*In the opinion of Gilmore & Bell, P.C., Bond Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), (1) the interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, (2) the interest on the Bonds is exempt from Missouri income taxation by the State of Missouri and (3) the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. See "TAX MATTERS" in this Official Statement.*

**\$6,260,000**

**CITY OF WEST PLAINS, MISSOURI  
SEWERAGE SYSTEM REFUNDING REVENUE BONDS  
SERIES 2011**

**Dated: Date of Delivery**

**Due: As shown below**

The Bonds will be issued as fully registered bonds without coupons, in the denomination of \$5,000 or any integral multiple thereof, and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of interests in the Bonds will be made in book-entry form only. Purchasers of such interests (the "Beneficial Owners") will not receive certificates representing their interests in the Bonds. So long as Cede & Co., as nominee of DTC, is the owner of the Bonds, references herein to the owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Bonds.

Interest on the Bonds will be payable on January 1 and July 1, beginning on January 1, 2012. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made by UMB Bank, N.A., Kansas City, Missouri, as paying agent and bond registrar (the "Paying Agent") directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC. Distribution of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein. The Bonds are subject to redemption prior to maturity as described under the caption "THE BONDS – Redemption."

The Bonds will be limited obligations of the City of West Plains, Missouri (the "City") payable solely from and secured as to the payment of principal and interest by a pledge of the Net Revenues derived by the City from the operation of the sewerage system. The Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and neither the full faith and credit nor the taxing power of the City, Howell County or the State of Missouri is pledged to the payment of the principal of or interest on the Bonds.

**MATURITY SCHEDULE**

<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>
January 1, 2012	\$ 40,000	2.50%	.75%	July 1, 2018	\$ 430,000	2.50%	2.35%
July 1, 2012	375,000	2.50	.75	July 1, 2019	435,000	2.70	2.70
July 1, 2013	380,000	2.50	1.00	July 1, 2020	450,000	3.00	3.00
July 1, 2014	385,000	2.50	1.25	July 1, 2021	465,000	3.20	3.20
July 1, 2015	400,000	2.50	1.50	July 1, 2022	480,000	3.40	3.40
July 1, 2016	410,000	2.50	1.80	July 1, 2023	495,000	3.50	3.55
July 1, 2017	420,000	2.50	2.10	July 1, 2024	1,095,000	3.65	3.75

The Bonds are offered when, as, and if issued and received by the Underwriter, subject to receipt of an approving opinion of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel. It is expected that the Bonds in definitive form will be available for delivery at The Depository Trust Company in New York, New York on or about September 6, 2011.



**FIRST BANKERS' BANC SECURITIES, INC.**

No dealer, broker, salesman, or other person has been authorized by the City, the Financial Advisor, or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the Financial Advisor, or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

The information set forth herein has been furnished by the City and from other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the Financial Advisor or the Underwriter. This Official Statement is not to be construed as a contract or agreement between the City, the Financial Advisor or the Underwriter and the purchasers or owner of any of the Bonds. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

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# THE CITY OF WEST PLAINS

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## **MAYOR**

Joe Paul Evans

## **COUNCILMEN**

Jack Pahlmann, Mayor Pro-Tem

Bob Burtrum

Lou Citro

Brenda Smith

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## **CITY ADMINISTRATOR**

Royce Fugate

## **DIRECTOR OF FINANCE**

Dixie Williams

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## **CITY ATTORNEY**

Charles Cantrell, Esq.  
Mountain View, Missouri

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## **BOND COUNSEL**

Gilmore & Bell, P.C.  
Kansas City, Missouri

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## **FINANCIAL ADVISOR**

WM Financial Strategies  
St. Louis, Missouri

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## ISSUE SUMMARY

The Issue Summary is expressly qualified by the entire Official Statement, which is provided for the convenience of potential investors and which should be reviewed in its entirety by potential investors.

City:	West Plains, Missouri.
Issue:	\$6,260,000 Sewerage System Refunding Revenue Bonds, Series 2011.
Dated Date:	Date of delivery.
Interest Date:	January 1 and July 1, beginning on January 1, 2012.
Principal Due:	Principal will mature serially as shown on the cover page of this Official Statement.
Redemption:	The Bonds maturing on and after July 1, 2021 are subject to redemption prior to maturity, at the option of the City on July 1, 2020 and thereafter in whole or in part. See “THE BONDS – Redemption” herein.
Purpose:	The Bonds are being issued to advance refund \$5,955,000 principal amount of outstanding Sewerage System Revenue Bonds, Series 2004. See “THE REFUNDING” herein.
Authority:	The Bonds are issued pursuant to Chapters 108 and 250 of the Revised Statutes of the State of Missouri, as amended (the “Missouri Revised Statutes”), and all other applicable provisions of law, and an ordinance adopted on August 22, 2011 (the “Ordinance”).
Security:	The Bonds will be special limited obligations of the City payable solely from the Net Revenues, as defined below, derived by the City from the operation of the Sewer System (the “System”) after payment of costs of operation and maintenance. The Bonds will be issued on a parity with \$1,215,000 principal amount of outstanding Sewerage System Revenue Bonds (State Revolving Fund Program), Series 1996B (the “Series 1996B Bonds”). (The Series 1996B Bonds together with the Series 2011 Bonds and any future additional parity bonds are referred to collectively herein as the “System Revenue Bonds”). The City has the right under the Ordinance to issue additional bonds on a parity with the Bonds payable from the same sources and secured by the same revenues as the Bonds, but only in accordance with and subject to the terms and conditions set forth in the Ordinance. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.
Definitions:	“Net Revenues” means all Revenues of the System less all Current Expenses. A definition of Revenues, Current Expenses and certain other terms in contain in “APPENDIX B – SUMMARY OF THE BOND ORDINANCE.”
Rating:	Standard & Poor’s has assigned the Bonds a rating of “A+”. See “RATING” herein.

Paying Agent: UMB Bank, N.A., Kansas City, Missouri

Book-Entry Form: The Bonds will be registered in the name of Cede & Co. as nominee for the Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Bonds.

**OFFICIAL STATEMENT  
OF THE  
CITY OF WEST PLAINS, MISSOURI  
Relating to  
\$6,260,000  
SEWERAGE SYSTEM REFUNDING REVENUE BONDS, SERIES 2011**

**INTRODUCTION**

This Official Statement including the cover page, Issue Summary and Appendices, is provided by the City of West Plains, Missouri (the "City") to furnish information in connection with its issuance of \$6,260,000 principal amount of Sewerage System Refunding Revenue Bonds, Series 2011.

The Bonds are being issued for the purpose of advance refunding certain currently outstanding bonds of the City's Sewerage System (the "System") consisting of \$5,955,000 Sewerage System Revenue Bonds, Series 2004 (the "Refunded Bonds"). The refunding is described in greater detail herein under the caption "THE REFUNDING."

The Bonds are issued pursuant to Chapters 108 and 250 of the Revised Statutes of the State of Missouri, as amended (the "Missouri Revised Statutes"), and all other applicable provisions of law, and an ordinance adopted on August 22, 2011 (the "Ordinance").

The Bonds will be special limited obligations of the City payable solely from the Net Revenues derived by the City from the operation of the System. The Bonds will be issued on a parity with the Series 1996B Bonds. The City has the right under the Ordinance to issue additional bonds on a parity with the Bonds payable from the same sources and secured by the same revenues as the Bonds, but only in accordance with and subject to the terms and conditions set forth in the Ordinance. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein. The Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction, and neither the full faith and credit nor the taxing power of the City, Howell County or the State of Missouri is pledged to the payment of the Bonds.

Brief descriptions of the Bonds, the City, the refunding, the System and the Ordinance are included in this Official Statement. Such descriptions and summaries do not purport to be comprehensive or definitive. All references herein to the Ordinance and other documents are qualified in their entirety by reference to such documents, and references herein to the Bonds are qualified in their entirety by reference to the form thereof included in the Ordinance, copies of all of which are available for inspection at the West Plains City Hall.

**THE BONDS**

**Description**

The Bonds will be issued as fully registered bonds, without certificates, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry only form. See the caption "THE BONDS - Book-Entry Only System."

The Bonds will be dated as of the date of delivery. The Bonds will mature in the amounts and will bear interest at the rates shown on the cover page of this Official Statement. Interest on the Bonds will be payable on January 1, 2012 and semiannually thereafter on January 1 and July 1 (each an "Interest Payment Date") to the holders of record at the close of business on the 15th day

(whether or not a Business Day) of the calendar month next proceeding each Interest Payment Date. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made by the Paying Agent directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC. Distribution of such payments to the Beneficial Owners (as hereinafter defined) is the responsibility of the DTC Participants and Indirect Participants, as more fully described in the Official Statement under the caption “THE BONDS”.

### **Book-Entry Only System**

*General.* The Bonds are available in book-entry only form. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Ownership interests in the Bonds will be available to purchasers only through a book-entry system (the “Book-Entry System”) maintained by The Depository Trust Company (“DTC”), New York, New York.

*The following information concerning DTC and DTC’s book-entry system has been obtained from DTC. The City takes no responsibility for the accuracy or completeness thereof and neither the Indirect Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the Direct Participants, as the case may be. There can be no assurance that DTC will abide by its procedures or that such procedures will not be changed from time to time.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity and will be deposited with DTC.

*DTC and its Participants.* DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

*Purchases of Ownership Interests.* Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bonds (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written

confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

*Transfers.* To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

*Notices.* Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bonds documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

*Voting.* Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

*Payments of Principal, Redemption Price and Interest.* Payment of principal of and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.



*Discontinuation of Book-Entry System.* DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Direct Participants holding a majority position in the Bonds may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bonds certificates will be printed, registered in the name of DTC's partnership nominee, Cede & Co. (or such other name as may be requested by an authorized representative of DTC), and delivered to DTC (or a successor securities depository), to be held by it as securities depository for Direct Participants. If, however, the system of book-entry-only transfers has been discontinued and a Direct Participant has elected to withdraw its Bonds from DTC (or such successor securities depository), Bonds certificates may be delivered to Beneficial Owners in the manner described in the Ordinance.

## **Redemption**

### *Optional Redemption*

The Bonds maturing on and after July 1, 2021 are subject to redemption and payment prior to maturity at the option of the City, on July 1, 2020 and thereafter in whole or in part in principal amounts and by maturity date as designated by the City, at the redemption price of par together with accrued interest to the date of redemption.

### *Selection of Bonds to Be Redeemed*

Bonds shall be redeemed only in the principal amount of \$5,000 or any multiple thereof. When less than all of the outstanding Bonds are to be redeemed and paid prior to maturity, such bonds shall be redeemed in principal amounts and by maturity date as designated by the City. When Bonds of less than a full maturity are redeemed, Bonds to be redeemed shall be selected by the Paying Agent in \$5,000 units of face value in such equitable manner as the Paying Agent may determine.

### *Notice of Redemption*

Notice of the call for any redemption identifying the Bonds, or portions of the Bonds, to be redeemed shall be given by the Paying Agent, by mailing a copy of the redemption notice at least 30 days, but not more than 60 days, prior to the date fixed for redemption to the registered owner of each Bond to be redeemed at the address shown on the registration books, unless waived by any registered owner; provided, however, that failure to receive such notice, or any immaterial defect therein, shall not affect the validity of any redemption. Whenever any Bond is called for redemption and payment as provided in the Ordinance, all interest on such Bond shall cease from and after the date for which such call is made, provided funds are available for its payment at the price specified in the Ordinance.

## SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds are special limited obligations of the City, payable solely from, and secured as to the payment of principal and interest by a pledge of the Net Revenues derived by the City from the operation of the System.

**The Bonds will not be or constitute a general obligation of the City, nor will they constitute an indebtedness of the City within the meaning of any constitutional or statutory provision, limitation or restriction. The taxing power of the City is not pledged to the payment of the Bonds either as to principal or interest.**

The covenants and agreements of the City contained in the Ordinance and in the Bonds shall be for the equal benefit, protection and security of the legal owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the funds pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Bond Ordinance. The Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the net income and revenues derived from the operation of the System and in all other respects with any System Revenue Bonds outstanding or hereafter issued by the City.

See “APPENDIX B-SUMMARY OF THE BOND ORDINANCE” for a summary of the covenants and agreements contained in the Ordinance.

## THE CITY OF WEST PLAINS

### General

The City is located in and is the County seat of Howell County (the “County”). The City encompasses approximately 12.31 square miles and is located approximately 110 miles southeast of Springfield, Missouri, 210 miles southwest of the City of St. Louis, Missouri, and 150 miles north of Little Rock, Arkansas.

The City provides a full range of municipal services including fire and police protection, electric utility service, trash disposal, water, and wastewater treatment. The City owns a municipal airport, a civic center and auditorium, a library, and an 18-hole golf course.

The City is part of a United States Census Bureau Micropolitan Statistical Area, with a 2000 population of 37,238. A Micropolitan Statistical Area is an urban cluster of 10,000 or more persons. At the time of the 2000 Census, this Micropolitan Statistical Area was comprised solely of the entirety of Howell County, Missouri. As of the 2010 Census, Howell County had a population of 40,400, which the City believes is representative of the West Plains Micropolitan Statistical Area’s 2010 population.

As the county seat and the largest city within a 100-mile radius, the City serves as a center for commerce, banking, education, agriculture, enterprise and light industry. According to the Greater West Plains Chamber of Commerce, more than 125,000 people shop in the area. In recent years, the City has experienced significant economic growth. The City is home to a wide range of industries including food processing, engine rebuilding, and woodworking.

## **Government**

West Plains was incorporated in 1883. The City is a third-class city and is one of only two cities in Missouri operating under the commission form of government. Under the commission form of government, each member of the commission, also referred to as the City Council, directly heads or supervises an administrative department. By state law, the Mayor must be the superintendent of the department of public affairs. The commissioners designate one of their members to head each of the other departments. As the legislative body, the City Council is responsible for enacting all ordinances, resolutions and regulations governing the City and appointing staff to the various departments of the City, pursuant to statutory or ordinance authority. The Mayor presides at meetings of the commission, but the Mayor does not have significant powers over the operations of the other commissioners' departments. The Mayor does not have the power to veto measures passed by the City Council. Each resolution and ordinance passed, however, must be signed by the Mayor or by two Council members before becoming effective.

The Mayor and the City Council members are elected at-large to serve four year terms.

The Mayor, with the advice and consent of the City Council, appoints a city administrator. The city administrator is the chief assistant to the Mayor and is responsible for the day-to-day management of the City's government business and staff. The city administrator is also responsible for the employment of non-elected City officials under policies established by the City Council.

City services and functions are divided into the following departments: administration, safety, engineering, engineering construction, building inspection, city attorney, municipal court, police department, animal control, public safety, fire, airport, street, cemetery, construction, shop, health, planning/zoning, economic development, electric, water sewer, and trash.

The Mayor, with the approval of the City Council, appoints citizens to boards and commissions with responsibility for governmental functions relating to planning and zoning, the library and city parks.

## **Employees**

The City has 189 full-time, 36 regular part-time employees and 12 reserve part-time employees. Only 4 city employees are currently represented by a collective bargaining unit. The International Association of Fire Fighters was voted in by the eligible fire fighters by a vote of 5 to 2 in April 2009. The International Brotherhood of Electrical Workers has been unsuccessful in its efforts to organize in the City. The City has no record of any work stoppages or other labor disputes.

## **Risk Management**

The City is exposed to various risks of losses related to the following: 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 commercial insurance companies. In addition, it has effectively managed risk through various education and prevention programs.

The City participates in a self-insurance pool with the Missouri Inter-Risk Management Association (MIRMA). MIRMA provides liability coverage of \$2,000,000 per occurrence, which includes general liability, liability for operation of parks, public official's liability and policy liability. MIRMA provides coverage of all City-owned property at 100% of the replacement cost thereof. The City also maintains a separate liability insurance policy with a commercial provider for the City's operation of the Airport with a limit of \$1,000,000 per occurrence.

## **Pension Plan**

The City participates in the Missouri Local Government Employees Retirement System (LAGERS), a 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 that provides retirement, disability and death benefits to plan members and beneficiaries.

Full-time employees do not contribute to the plan. The City is required by state statute to contribute at an actuarially determined rate; the current rate as a percentage of the annual covered payroll is 13.6% for general, 13.2% for police and 16.60% for fire.

For additional information regarding the City's pension plan see Note L in the financial statements included as APPENDIX A to this Official Statement.

## **Community Services**

### *Utilities*

Natural gas service is provided by Southern Missouri Gas. The City provides water, sewer, electric service and trash collection.

The City's waterworks facilities include a treatment plant, distribution facilities and storage facilities. Storage facilities consist of storage tanks with a combined capacity of 5.25 million gallons. An additional 1,000,000 gallon storage tank is under construction and is expected to be completed in the fall of 2011. The City's treatment plant has a maximum capacity to treat 3.75 million gallons per day. Average daily demand is 3.0 millions gallons per day and peak demand is 4 million gallons per day.

The City's sewerage system includes a collection and distribution system and a sewerage treatment plant. Additional information regarding the System is included under the caption "THE SEWERAGE SYSTEM".

The City purchases electricity and distributes power to residents through the City owned distribution system. In addition, the City has two 25MW peaking generators.

### *Communications and Media*

Telecommunication services are provided by Century Tel. Two commercial broadcast radio stations are located in the City, as well as a public access television station. Most public city meetings are broadcast on public access television as a method of keeping the citizens informed. A daily newspaper, *The West Plains Daily Quill*, provides local news coverage. Cable television is provided by Charter Communications. The City owns a 23,500 square foot library that was constructed in 1998. The library has over 63,000 volumes, along with many audiotapes, videotapes, DVDs and periodicals. The library offers a weekly children's program, weekly basic computer classes and has a book club. In addition, the library has a community room for meetings and exhibits, with capacity for 150 people, that is equipped with video conferencing equipment.

### *Fire Protection*

The City's Fire Department (the "Department") provides fire protection throughout the corporate limits of the City. Services are provided from two fire stations manned by 12 paid reserve firefighters including two part-time firefighters, the assistant chief and the fire chief, and 20 volunteer firefighters. The Department has an insurance rating of "4" among ratings ranging from 1

to 10 with 1 as the highest. This rating is based on several factors including the number of firefighters and their training, response time, fire fighting equipment and fire prevention programs of the Department. The Department offers fire prevention programs at schools, day care facilities and nursing homes.

#### *Police Protection*

The City's Police Department provides police protection throughout the corporate limits of the City. Services are provided by 26 officers, 4 dispatchers, 13 reserve officers and 1 part-time parking violations officer. Community programs offered by the Police Department include the DARE drug prevention program, palm printing, safety programs at schools and day care facilities, Shop with a Cop-at-Christmas and Bike-A-Thon for St. Jude's Research Hospital.

#### *Recreation Activities*

The City owns and operates 21 parks encompassing 189 acres. Facilities available at City parks include picnic facilities, walking trails and two tracks, playgrounds, seven ball-fields and a 40 acre nature park.

The City also owns a civic center, a golf course, an aquatic center ("Aquatic Park") and a winter sports complex ("Winter Sports Complex"). The Civic Center contains 30,000 square feet of exhibit space, 7,400 square feet of meeting rooms, a 2,900-seat arena, a 450-seat theater, a collegiate-sized swimming pool, hot tub, sauna, and a professionally designed fitness room. The City's state-of-the art Civic Center hosts expos and conventions, athletic events, stage shows, concerts and sporting events including Southwest Missouri State-West Plains men's basketball and women's volleyball teams. The West Plains Municipal Golf Course is an 18-hole course which covers 187 acres and includes a pro shop, numerous golf carts and cart sheds (which are available for rent) and practice putting greens. The Aquatic Park has a collegiate-sized swimming pool, leisure pool, water slides, sunbathing area and pavilion. The Winter Sports Complex includes two indoor basketball courts and a stage.

Also near the City is the privately owned West Plains Speedway. The Greater West Plains Chamber of Commerce reports that the West Plains Motor Speedway is designated as one of the top three dirt tracks in the nation. The speedway features seating for 17,000 at its 3/8 mile banked oval red clay track. Racing season begins in mid-March and runs through Labor Day weekend.

Mark Twain National Forest, located five miles from the City, is a 1.5 million acre forest, that has more than 40 designated campgrounds and picnic sites, over 50 miles of floatable streams and lakes and more than 63,000 acres of wilderness. The forest also has 145 miles of trails designated for trail bike and ATV use, hundreds of miles of trails for hiking, biking and horseback riding (including three national recreation trails) and literally thousands of hunting, fishing, sightseeing and bird watching opportunities.

#### *Medical*

Within the City is the Ozarks Medical Center (OMC), a 114 bed not-for-profit medical center employing approximately 1,200 people in an 11-county area. OMC is accredited by the Joint Commission on Accreditation of Healthcare Organizations and licensed by the Missouri Department of Health.

OMC's medical staff consists of more than 100 active and associate physicians. Specialties include anesthesiology, cardiology, cancer treatment (radiation oncology, medical oncology, and hematology), child psychiatry, emergency medicine, family practice, gastroenterology, general practice, general surgery, geriatrics, internal medicine, neurology, obstetrics/gynecology, oncologic

surgery, ophthalmology, orthopedics, pathology, pediatrics, podiatry, pulmonology, psychiatry, radiology and urology.

In addition there are approximately 70 physicians, 4 chiropractors, 10 dentists and orthodontists within the City. The health care needs of senior citizens are provided by three nursing homes.

*Education*

The public school system within the City is operated under the administration and control of the West Plains R-VII School District. The district is independent of the City, having their own elected or appointed officials, budgets and administrators. The district is empowered to levy taxes, separate and distinct from those levied by the City.

The District has two elementary schools, a middle school, a senior high school and a career center. Total enrollment for the 2009-2010 school year, excluding the career center, was 2,562. There are also 3 private elementary schools and 2 private high schools in the City. In addition, the City is home to a branch of Missouri State University (formerly Southwest Missouri State University) and a vocational-technical school. Also available to students in the area is a branch of William Wood University in West Plains, a branch of Southwest Baptist University located in Mountain View, Missouri, 30 miles from the City and a branch of Drury College located in Cabool, also 30 miles from the City.

**Economic and Demographic Data**

*Transportation*

U.S. Highways 63, US Highway 160, State Highway 14, and State Highway 19 intersect the City. Charter air service is available at the City-owned West Plains Municipal Airport that has a 5,102-foot x 75-foot paved instrument approachable, lighted runway located north of the City limits in the town of Pomona. Regularly scheduled air passenger and freight service is available at the Springfield Branson Regional Airport located approximately 110 miles from the City. The Burlington-Northern Railroad provides service for rail freight.

*Population*

The following table sets forth population statistics for West Plains and for the County:

<u>Year</u>	<u>West Plains</u>		<u>Howell County</u>	
	<u>Population</u>	<u>Change From Prior Census</u>	<u>Population</u>	<u>Change From Prior Census</u>
1960	5,836	—	22,027	—
1970	6,893	18.11%	23,521	6.78%
1980	7,741	12.30	28,807	22.47
1990	8,913	15.14	31,447	9.16
2000	10,866	21.91	37,238	18.42
2010	11,986	10.31	40,400	8.49

*Source: Official Census of the United States Bureau of Census.*

*Major Employers*

The following is a list of largest employers located within the City:

<u>Name</u>	<u>Product or Service</u>	<u>Number of Employees</u>
Air Evac Lifeteam	Air Ambulance	1,918
Ozarks Medical Center	Hospital	1,104
DRS	Electromechanical systems	468
Regal Beloit	Electric motors	425
West Plains R-VII School District	Public education	450
Armstrong Hardwood Flooring LLC	Flooring	360
Caterpillar, Inc.	High Pressure Hose	205
Invensys Controls	Gas valves & pressure	200
Southwest Missouri State University	College	113
Arlee Home Fashions	Decorative pillows	100

*Source: West Plains Chamber of Commerce.*

*Employment*

Set forth below are unofficial employment estimates for the West Plains Micropolitan Statistical Area from the Missouri Economic Research and Information Center:

<u>Year</u>	<u>Labor Force</u>	<u>Employed</u>	<u>% Unemployed</u>
2006	20,042	19,204	4.2%
2007	19,916	18,994	4.6
2008	19,973	18,850	5.6
2009	19,850	17,932	9.7
2010	19,448	17,666	9.2

*Source: Missouri Economic Research and Information Center.*

*Building and Construction Data*

The following table sets forth the number and value of building permits issued by the City for the 2006 through 2010 Fiscal Years:

<u>Fiscal Year</u>	<u>Residential</u>		<u>Commercial</u>		<u>Total</u>	
	<u>Units</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Value</u>
2006	124	\$10,089,000	17	\$12,007,891	141	\$22,096,891
2007	105	10,373,000	20	13,526,610	125	23,898,610
2008	72	6,638,000	13	9,648,006	85	16,286,006
2009	82	3,950,690	31	692,900	113	4,643,590
2010	39	2,597,297	50	3,476,364	89	6,073,661

*Source: Office of the City Building Inspector.*

*Housing*

The following table sets forth statistics from the 2000 census relating to housing for the City and, for comparative purposes, of other census entities:

	2000 Median Value of Owner <u>Occupied Housing</u>	<u>Units Less than 5 yrs. old</u>	<u>Units More than 50 years old</u>
The City	\$70,300	11.8%	20.8%
Other Entities:			
Howell County	67,700	14.5	18.7
State of Missouri	89,900	8.8	23.6

*Source: U.S. Department of Commerce, Bureau of Census.*

*Income*

The following table sets forth certain income statistics from the 2000 census for the City and, for comparative purposes, of other census entities:

	<u>Per Capita Income In 1999</u>	<u>Median Family Income In 1999</u>	<u>% People Below Poverty Level</u>
The City	\$15,019	\$30,369	19.0%
Other Entities:			
Howell County	13,959	30,534	18.7
State of Missouri	19,936	46,044	11.7

*Source: U.S. Department of Commerce, Bureau of Census.*

*Assessed Valuation*

The following tables set forth the assessed valuation for the City for the past five tax years:

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Total</u>
2006	\$87,340,116	\$33,359,103	\$120,699,219
2007	94,007,934	31,955,369	125,963,303
2008	97,378,578	38,697,639	136,076,217
2009	95,890,027	31,946,251	127,836,278
2010	95,906,198	32,483,930	128,390,128

*Source: Office of the County Clerk.*



## **THE CITY'S FINANCES**

### **Accounting and Reporting Practices**

The City operates on a fiscal year beginning April 1 of each year and ending March 31 of the following year (the "Fiscal Year").

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are generally recognized when they become measurable and available and expenditures are recognized when the related fund liability is incurred.

The City Council annually engages an independent certified public accountant for the purpose of performing an audit of the books of account, financial records, and transactions of the City.

### **Budget Process**

The Director of Finance prepares an annual budget for the ensuing fiscal year under the direction of the City Administrator. The budget is based upon information provided by the various City departments and employees. After a proposed budget is prepared, it is submitted to the City Council for review and comment. The City Council may revise, alter, increase or decrease the items contained in the proposed budget, provided that total authorized expenditures from any fund do not exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year. The budget is legally enacted by ordinance.

Pursuant to the Missouri Revised Statutes, the annual budget must present a complete financial plan for the ensuing fiscal year, and must include at least the following information:

- (1) A budget message describing the important features of the budget and major changes from the preceding year;
- (2) Estimated revenues to be received from all sources for the budget year, with a comparative statement of actual or estimated revenues for the two years next preceding, itemized by year, fund and source;
- (3) Proposed expenditures for each department, office, commission, and other classifications for the budget year, together with a comparative statement of actual or estimated expenditures for the two years next preceding, itemized by year, fund, activity and object;
- (4) The amount required for the payment of interest, amortization and redemption charges on debt; and
- (5) A general budget summary.

## **Investments**

The City has a formal investment policy. The City maintains a cash and investment pool that is available for use by all funds. Earnings from pooled accounts are allocated monthly to each participating fund based on a formula that takes into account each fund's average balance in the pool. Presently, all of the City governmental funds are in demand deposits earning interest at a set percentage over prime or certificates of deposit.

## **THE SEWERAGE SYSTEM**

### **Description of System**

The System consists of approximately 150 miles of gravity and force sewer mains, and a wastewater treatment plant, which was built in 1979 and updated in 1998 and 2004. The treatment plant is an oxidation ditch type with sand filters and chlorine disinfection with a capacity to treat approximately 3 million gallons per day. The City's current average daily flow treated at the plant is estimated at nearly 2 million gallons per day. The City removes 50,000 gallons of bio-solids from the plant weekly for sale and use as fertilizer on area farms. Most of the influent to the wastewater treatment plant is by way of gravity-fed lines. The System does, however, have six lift stations that pump sewage to the treatment plant from areas that are unable to use gravity mains. The City is constantly upgrading the System with the aid of a remote control video camera that travels inside the sewers.

The City's sewer department is responsible for maintaining the System, and installing new connections to the System.

### **Management and Organization**

The City Council is responsible for all basic policy decisions relating to the System including budgetary matters, bidding, construction, and rates and fees for services. The Public Works Director manages the System and the waterworks system under the direction of the City Administrator. Responsibilities of the Public Works Director include management of the System and the waterworks system operations and maintenance staff, budget development, negotiating contracts, developing bid specification, and otherwise planning and directing all activities of the utilities department. Daily operations and maintenance of the System are performed under the direction of the Sewer Supervisor by 6 operators and 6 maintenance employee. All operators are certified and licensed as required by the State of Missouri.

### **Rates and Charges**

#### *General*

Rates and charges for the services of the System are established by the City Council and are not subject to regulation by any other jurisdiction. The current charges for sewer service were established by ordinance and became effective for bills issued after April 1, 2011 and replaced rates that had been in effect since November 2010. The sewer bills are based on a minimum monthly charge and charges based on water usage. In addition, on July 21, 2004 the City approved a surcharge to be effective until all the Bonds are retired.

*Sewerage Rates*

**Current Rates**

The following table sets forth the current sewer rates for customers within the City’s corporate limits:

	<u>Residents Charge</u>	<u>Non-Resident Charge</u>
Minimum Monthly Charge	\$ 7.36	\$ 8.45
Per 1,000 Gallons of Water Used	\$ 1.34	\$ 1.77

**Additional “Surcharge”**

	<u>Residents Charge</u>	<u>Non-Resident Charge</u>
Additional Surcharge Per Household or Business	\$ 9.20	\$ 7.70
Plus Per 1,000 Gallon Surcharge	\$ .10	\$ .13

**Service Area and Customers**

The System serves all City residents and approximately 22 customers located outside the City limits.

The following table sets forth the number of customers for the System and total water usage for the last five fiscal years:

<u>Fiscal Year</u>	<u>Number of Customers</u>	<u>Gallons of Water Sold</u>
2007	5,058	564,266,100
2008	5,109	582,959,800
2009	5,128	525,113,100 <sup>(1)</sup>
2010	5,133	505,245,300 <sup>(1)</sup>
2011	5,159	556,449,700

(1) The decline is attributable to wet weather and conservation due to the economy.

*Source: Utility Billing Register*

The following table sets forth information regarding the largest customers of the System based on water usage and amounts billed for the 2011 Fiscal Year.

<u>Customer</u>	<u>Gallons Consumed (in thousands)</u>	<u>% of Total Gallons Billed</u>	<u>Total Amount Billed</u>
Armstrong World Industries	12,688	2.24%	\$16,432
Marathon Electric	11,945	2.10	15,318
DRS Sustainment Systems	11,119	1.96	14,315
Ozarks Development Corp.	9,920	1.75	12,765
Ozarks Medical Center	9,271	1.63	11,923
West Vue Nursing Home	5,749	1.01	7,436
Brooke Haven Health Care	4,286	.75	5,570
NHC Health Care	4,134	.73	5,370
Bill Hale	3,442	.61	4,382

*Source: Utility Billing Register*

### **Billing**

Customers receive a combined bill for both water and sewer services that are billed monthly. Bills are due 10 days after the billing date.

Bills are considered delinquent if not paid 13 days following the billing date. Customers are notified of any such delinquency. In the event a bill remains unpaid for an additional 30 days, the City is authorized by ordinance to discontinue water services from the premises until the delinquent amount and a \$20 reconnection fee have been paid.

Delinquent bills constitute a lien upon the real estate to which service has been rendered. The City is authorized by statute to file suit against any property receiving service and to pursue such legal action as is necessary to collect the delinquent charges.

The City estimates that less than 1.5% of customers do not pay their bills following notification of a delinquency and have their water service discontinued. Almost 100% of these customers pay their bills along with the reconnection fee.

## Operating Results

The following table sets forth certain financial information for the System for the Fiscal Years 2008 through 2010 which were derived from the audited financial statements and financial records of the City. Also included are unaudited results for the 2011 Fiscal Year.

	<u>Fiscal Year Ending March 31</u>			
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Operating Revenue <sup>(1)</sup>	\$1,676,206	\$1,791,879	\$1,651,154	\$1,724,300
Operating Expenses (Excluding Depreciation and Amortization)				
Wages and Benefits	475,316	448,116	389,324	410,243
Utilities	87,839	81,446	94,803	94,815
Other Operating Expenses <sup>(2)</sup>	182,208	191,692	172,722	115,004
Allocated Expenses	<u>113,951</u>	<u>110,026</u>	<u>89,549</u>	<u>88,315</u>
Total Operating Expenses	859,314	831,280	746,398	708,377
Revenues Available for Debt Service	<u>\$ 816,892</u>	<u>\$ 960,599</u>	<u>\$ 904,756</u>	<u>\$1,015,923</u>
Annual Debt Service <sup>(3)</sup>	724,064	724,599	735,488	743,925
Debt Coverage <sup>(1)</sup>	1.13x	1.33x	1.23x	1.37x

(1) Although the Bond Ordinance allows the City to include interest earnings in its computation of debt coverage, the computation of debt coverage excludes interest earnings.

(2) Other Operating Expenses include the cost of maintenance which can vary significantly from year to year.

(3) Includes debt service on the Series 1996B Bonds that were purchased by the State Environmental Improvement and Energy Resources Authority (State of Missouri) as part of a State Revolving Fund Program (the "SRF Program"). Under the SRF Program, the City receives an SRF Subsidy that reduces the City's annual debt service requirements. The schedule above reflects debt service on the Series 1996B Bonds after taking into account the SRF Subsidy.

Source: The revenues and expenses set forth above were derived from the City's audited financial statements and City's Director of Finance for the Fiscal Years 2008 through 2010. Figures for the 2011 Fiscal Year were derived from unaudited financial records of the City.

## Outstanding Revenue Bonds

The following is a list of the City's System Revenue Bonds:

<u>Issue</u>	<u>Issue Date</u>	<u>Amount Outstanding</u>
Sewerage System Revenue Bonds (State Revolving Fund Program), Series 1996B	December 19, 1996	\$1,215,000
Sewerage System Refunding Revenue Bonds, Series 2011	September 6, 2011	<u>6,260,000</u>
Total		<u>\$7,550,000</u>

## Debt Service Requirements

The following table shows the yearly principal and interest requirements for the System Revenue Bonds:

Fiscal Year	Outstanding Bonds		Series 2011 Bonds		Total
	Principal	Interest <sup>(1)</sup>	Principal	Interest	
2012	\$ 150,000	\$16,056	\$ 40,000	\$ 59,013	\$ 265,069
2013	155,000	22,787	375,000	179,050	731,837
2014	165,000	19,429	380,000	169,613	734,042
2015	175,000	15,854	385,000	160,050	735,904
2016	180,000	12,063	400,000	150,238	742,301
2017	190,000	8,254	410,000	140,113	748,367
2018	200,000	4,233	420,000	129,738	753,971
2019	—	—	430,000	119,113	549,113
2020	—	—	435,000	107,865	542,865
2021	—	—	450,000	95,243	545,243
2022	—	—	465,000	81,053	546,053
2023	—	—	480,000	65,453	545,453
2024	—	—	495,000	48,630	543,630
2025	—	—	1,095,000	19,984	1,114,984
Totals	<u>\$1,215,000</u>	<u>\$98,676</u>	<u>\$6,260,000</u>	<u>\$1,525,156</u>	<u>\$9,098,832</u>

(1) Interest amounts are net of the SRF Subsidy.

## Future Debt

The City has no plans for the issuance of additional bonds having a lien on the revenues of the System.

## THE REFUNDING

### Description

The Bonds are being issued for the purpose of refunding the Refunded Bonds. Following the delivery of and payment for the Bonds, the proceeds shall be used to purchase direct obligations of the United States (the "Government Obligations") and fund a cash deposit. The Government Obligations shall be held in trust exclusively for payment of the Refunded Bonds by UMB Bank, N.A., Kansas City, Missouri (the "Escrow Agent"). The Government Obligations together with the interest to be earned thereon and a beginning cash deposit will be used to provide for the payment of the principal of and interest on the Refunded Bonds on each payment date up to and including July 1, 2012, the date of redemption.

## Estimated Sources and Uses of Funds

The estimated sources and uses of funds, other than accrued interest, are set forth below.

Sources of Funds	
Proceeds from the Bonds	\$6,260,339
Cash on Hand <sup>(1)</sup>	<u>587,394</u>
Total	<u>\$6,847,733</u>
Uses of Funds	
Deposit to Escrow Account	\$6,213,900
To Reserve Fund	587,394
Costs of Issuance	<u>46,439</u>
Total	<u>\$6,847,733</u>

(1) Represents funds from a debt service reserve fund established for the Refunded Bonds.

## MATHEMATICAL VERIFICATION

Robert Thomas CPA, LLC, Shawnee Mission Kansas (“Robert Thomas”), independent certified public accountants, will deliver to the City a report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the City and its representatives. Included in its scope of examination, Robert Thomas will verify the mathematical accuracy of (a) the mathematical computations of the adequacy of the initial cash deposit together with the maturing principal of and interest on the Government Obligations, to pay, when due, the maturing principal of and interest on the Refunded Bonds, and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Bonds are not “arbitrage bonds” under the Code and the regulations promulgated thereunder.

## RATING

Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (“S&P”) has assigned the rating of “A+” to the Bonds. The rating reflects only the view of the rating agency and any desired explanation of the significance of the rating should be obtained from the rating agency. Generally, a rating agency bases its rating on the information and material furnished to it and on investigations, studies and assumptions of its own. There is no assurance that a rating will continue for any given period of time or that it may not be lowered or withdrawn entirely by the rating agency. Such lowering or withdrawal may have an adverse effect on the market price of the Bonds.

## LEGAL MATTERS

All matters incident to the authorization and issuance of the Bonds are subject to the approval of Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel. The approving opinion of Bond Counsel will be printed on the Bonds and manually executed copies will be furnished at the time the Bonds are paid for and delivered. Bond Counsel has participated only in the preparation of the cover page of this Official Statement and of those portions of this Official Statement captioned “THE BONDS” (other than the portion therein with the subcaption “Book-Entry Only System”), “LEGAL MATTERS,” “TAX MATTERS” and “CONTINUING DISCLOSURE UNDERTAKING.” Bond Counsel accordingly expresses no opinion as to the accuracy or sufficiency of other portions of this Official Statement.

## TAX MATTERS

The following is a summary of the material Federal and State of Missouri income tax consequences of holding and disposing of the Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of Federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the Federal income tax laws (for example, dealers in securities or other persons who do not hold the Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Missouri, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding Federal, state, local and other tax considerations of holding and disposing of the Bonds.

### Opinion of Bond Counsel

In the opinion of Gilmore & Bell, P.C., Bond Counsel, under the law existing as of the issue date of the Bonds:

***Federal and Missouri Tax Exemption.*** The interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is exempt from income taxation by the State of Missouri.

***Alternative Minimum Tax.*** Interest on the Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax imposed on individuals and corporations, but is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

***Bank Qualification.*** The Bonds are “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Bond counsel’s opinions are provided as of the date of the original issue of the Bonds, subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal and Missouri income tax purposes retroactive to the date of issuance of the Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Bonds but has reviewed the discussion under the heading “TAX MATTERS.”

### Other Tax Consequences

***Original Issue Discount.*** For Federal income tax purposes, original issue discount (“OID”) is the excess of the stated redemption price at maturity of a Bond over its issue price. The issue price of a Bond is the first price at which a substantial amount of the Bonds of that maturity have been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). Under Section 1288 of the Code, OID on tax-exempt bonds accrues on a compound basis. The amount of OID that accrues to an owner of a Bond during any accrual period generally equals (1) the issue price of that Bond, plus the amount of OID accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted



for the length of the accrual period), minus (3) any interest payable on that Bond during that accrual period. The amount of OID accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for Federal income tax purposes, and will increase the owner's tax basis in that Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of OID.

**Original Issue Premium.** If a Bond is issued at a price that exceeds the stated redemption price at maturity of the Bond, the excess of the purchase price over the stated redemption price at maturity constitutes "premium" on that Bond. Under Section 171 of the Code, the purchaser of that Bond must amortize the premium over the term of the Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner. This will result in an increase in the gain (or decrease in the loss) to be recognized for Federal income tax purposes on sale or disposition of the Bond prior to its maturity. Even though the owner's basis is reduced, no Federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.

**Sale, Exchange or Retirement of Bonds.** Upon the sale, exchange or retirement (including redemption) of a Bond, an owner of the Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Bond. To the extent a Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Bond has been held for more than 12 months at the time of sale, exchange or retirement.

**Reporting Requirements.** In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Bonds, and to the proceeds paid on the sale of the Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

**Collateral Federal Income Tax Consequences.** Prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Bonds, including the possible application of state, local, foreign and other tax laws.

## **FINANCIAL ADVISOR**

WM Financial Strategies, St. Louis, Missouri, is employed as Financial Advisor to the City to render certain professional services, including advising the City on a plan of financing and assisting in preparing the Official Statement for the sale of the Bonds.

## **UNDERWRITING**

First Bankers' Banc Securities, Inc., St. Louis, Missouri (the "Underwriter") has agreed to purchase the Bonds from the City at a price equal to \$6,260,338.60 which is net of an underwriting discount equal to \$56,415.75 and an original issue premium of \$56,754.35. The Bonds may be offered and sold to certain dealers and others at prices lower than the initial public offering price, and such initial offering price may be changed from time to time.

## **NO LITIGATION CERTIFICATE**

Simultaneously with the delivery of the Bonds the City will furnish to the Underwriter a certificate which shall state, that to its knowledge there is no controversy, suit or other proceeding of any kind pending or threatened in any court (either state or federal) restraining or enjoining the issuance or delivery of the Bonds or questioning (i) the proceeding under which the Bonds are to be issued, (ii) the validity of the Bonds, (iii) the pledge of the revenues under the Ordinance, or (iv) the legal existence of the City or the title to office of the present officials of the City.

## **CERTIFICATION OF OFFICIAL STATEMENT**

Simultaneously with the delivery of the Bonds the City will furnish to the Underwriter a certificate which shall state, among other things, that to the best of their knowledge and belief, this Official Statement (and any amendment or supplement hereto) as of the date of sale and as of the date of delivery of the Bonds does not contain any untrue statement of a material fact and does not omit to state a material fact required to be stated therein or necessary to make the statements herein, in light of the circumstances under which they were made, not misleading in any material respect.

## **CONTINUING DISCLOSURE UNDERTAKING**

### **Description of Undertaking**

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission, the City has agreed to provide the following to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA"):

- (a) Not later than 180 days after the end of the City's fiscal year, commencing with the year ending March 31, 2011, the following financial information and operating data (the "Annual Report"):
  - (1) The audited financial statements of the City for the prior fiscal year, prepared in accordance with generally accepted accounting principles. If audited financial statements are not available by the time the Annual Report is required to be filed pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be filed in the same manner as the Annual Report promptly after they become available.
  - (2) Updates as of the end of the fiscal year, of financial information and operating data contained in this Official Statement under the caption "THE SEWERAGE SYSTEM", in substantially the same format contained herein.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the City is an “obligated person” (as defined by the Rule), which have been filed with the MSRB and is available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The City shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City’s fiscal year changes, it shall give notice of such change in the same manner as for a Material Event under paragraph (b) below.

(b) Within 10 business days after the occurrence of any of the following events, notice of the occurrence of any of the following events with respect to the Bonds (“Material Events”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of bondholders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the City;
- (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material.

(c) If the City has not submitted the Annual Report to the MSRB by the date required under (a) above, a notice of the failure of the City to file on a timely basis the Annual Report, which notice shall be given by the City in accordance with paragraph (b) above.

## **Termination of Reporting Obligation**

The City's obligations under the Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the City's obligations under the Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with the Continuing Disclosure Undertaking in the same manner as if it were the City, and the City shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the City shall give notice of such termination or substitution in the same manner as for a Material Event.

## **Amendment; Waiver**

Notwithstanding any other provision of the Continuing Disclosure Undertaking, the City may amend the Continuing Disclosure Undertaking and any provision of the Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the City with its written opinion that the undertaking of the City contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to the Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of the Continuing Disclosure Undertaking, the City shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

## **Additional Information**

Nothing in the Continuing Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in the Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a material event, in addition to that which is required by the Continuing Disclosure Undertaking. If the City chooses to include any information in any Annual Report or notice of occurrence of a material event, in addition to that which is specifically required by the Continuing Disclosure Undertaking, the City shall have no obligation under the Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a material event.

## **Default**

If the City fails to comply with any provision of the Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Undertaking. A default under the Continuing Disclosure Undertaking shall not be deemed an event of default under the Ordinance or the Bonds, and the sole remedy under the Continuing Disclosure Undertaking in the event of any failure of the City to comply with the Continuing Disclosure Undertaking shall be an action to compel performance.

**Beneficiaries**

The Continuing Disclosure Undertaking shall inure solely to the benefit of the City, the Participating Underwriter, and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

**Prior Compliance**

The City has complied with its continuing disclosure obligations.

**MISCELLANEOUS**

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statement made in this Official Statement involving matters of opinion is intended merely as an opinion and not as a representation of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date hereof.

CITY OF WEST PLAINS, MISSOURI

BY: /S/ Joe Paul Evans, Mayor

**APPENDIX A**  
**CITY OF WEST PLAINS, MISSOURI**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2010**

The financial statements presented within this Appendix have been extracted from the City’s audited annual financial statements for the year ended March 31, 2010 (the “Report”). The Report includes the auditor’s opinion which is not included herein. The financial statements of the City are prepared in conformance with generally accepted accounting principles. Copies of the Report, in its entirety, are available from the City. Additionally, financial statements for prior years and the City’s budget for the fiscal year ended March 31, 2011 and for the fiscal year ending March 31, 2012 may be obtained from the City.

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CITY OF WEST PLAINS, MISSOURI  
STATEMENT OF NET ASSETS  
March 31, 2010

	Primary Government			Component Units			
	Governmental Activities	Business-Type Activities	Total	West Plains Public Library Foundation	South 160 Community Improvement District	63 ByPass Community Improvement District	Southern Hills Community Improvement District
<b>ASSETS</b>							
<b>Current</b>							
Cash and cash equivalents - unrestricted	\$ 1,261,877	\$ 9,338,200	\$ 10,600,077	\$ 13,172	\$ 52,713	\$ 154,358	\$ 7,169
Investments - unrestricted	-	2,245,000	2,245,000	302,814	-	-	-
Taxes receivable	911,129	-	911,129	-	-	-	-
Utilities receivable, net	-	1,697,902	1,697,902	-	-	-	-
Other accounts receivable	21,879	352,284	374,163	-	824	31,571	-
Court fines receivable, net	60,379	-	60,379	-	-	-	-
Intergovernmental receivable	294,569	-	294,569	-	-	-	-
Internal balances	19,352	(19,352)	-	-	-	-	-
Inventory	65,750	1,331,613	1,397,363	-	-	-	-
Prepaid expenses	119,427	63,005	182,432	-	-	-	-
<b>Noncurrent</b>							
Restricted cash and cash equivalents	2,728,171	3,534,341	6,262,512	-	-	-	-
Restricted investments	733,411	1,243,044	1,976,455	-	-	-	-
MODAG receivable	242,384	-	242,384	-	-	-	-
Deferred bond issuance costs	195,057	208,416	403,473	-	-	-	-
Capital Assets:							
Non-depreciable	5,819,587	382,040	6,201,627	-	-	-	-
Depreciable, net	34,733,036	44,050,091	78,783,127	-	3,148,716	150,191	168,133
<b>TOTAL ASSETS</b>	<b>47,206,008</b>	<b>64,426,584</b>	<b>111,632,592</b>	<b>315,986</b>	<b>3,202,253</b>	<b>336,120</b>	<b>175,302</b>
<b>LIABILITIES</b>							
<b>Current</b>							
Accounts payable	650,797	1,323,761	1,974,558	-	-	153,051	5,000
Accrued expenses	100,083	87,522	187,605	-	13,460	5,254	-
Accrued interest payable	100,177	116,824	217,001	-	-	-	-
Deposits payable	-	441,447	441,447	-	-	-	-
Bond anticipation notes payable	-	-	-	-	2,945,782	-	-
Current maturities of long-term debt	1,075,000	750,000	1,825,000	-	-	-	-
	1,926,057	2,719,554	4,645,611	-	2,959,242	158,305	5,000
<b>Noncurrent</b>							
Compensated absences payable	171,279	119,661	290,940	-	-	-	-
Certificates of participation	5,045,000	2,264,567	7,309,567	-	-	-	-
Revenue bonds payable	-	11,631,426	11,631,426	-	-	-	-
	5,216,279	14,015,654	19,231,933	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>7,142,336</b>	<b>16,735,208</b>	<b>23,877,544</b>	<b>-</b>	<b>2,959,242</b>	<b>158,305</b>	<b>5,000</b>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	34,432,623	31,794,073	66,226,696	-	202,934	150,191	168,133
Restricted	2,909,696	2,328,003	5,237,699	-	-	-	-
Unrestricted	2,721,353	13,569,300	16,290,653	315,986	40,077	27,624	2,169
<b>TOTAL NET ASSETS</b>	<b>\$ 40,063,672</b>	<b>\$ 47,691,376</b>	<b>\$ 87,755,048</b>	<b>\$ 315,986</b>	<b>\$ 243,011</b>	<b>\$ 177,815</b>	<b>\$ 170,302</b>

CITY OF WEST PLAINS, MISSOURI  
STATEMENT OF ACTIVITIES  
Year Ended March 31, 2010

Functions/Programs	Net (Expenses), Revenues and Changes in Net Assets										
	Program Revenues					Primary Government			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	West Plains Public Library Foundation	South 160 Community Improvement District	63 ByPass Community Improvement District	Southern Hills Community Improvement District
Primary Government											
Governmental activities											
Administrative	\$ (1,048,874)	\$ 90,044	\$ 59,239	\$ -	\$ (899,591)	\$ -	\$ (899,591)	\$ -	\$ -	\$ -	\$ -
Safety	(14,987)	-	-	-	(14,987)	-	(14,987)	-	-	-	-
Engineering	(267,153)	-	-	-	(267,153)	-	(267,153)	-	-	-	-
Building official	(48,884)	19,751	-	-	(29,133)	-	(29,133)	-	-	-	-
City attorney	(116,601)	-	-	-	(116,601)	-	(116,601)	-	-	-	-
Court	(108,121)	-	-	-	(108,121)	-	(108,121)	-	-	-	-
Police	(1,579,962)	235,211	33,333	18,985	(1,292,433)	-	(1,292,433)	-	-	-	-
Animal control	(58,064)	6,800	-	-	(51,264)	-	(51,264)	-	-	-	-
Emergency management	(237,184)	-	188,913	30,274	(17,997)	-	(17,997)	-	-	-	-
Public safety	(12,297)	-	-	-	(12,297)	-	(12,297)	-	-	-	-
Fire	(772,259)	268	-	2,940	(769,051)	-	(769,051)	-	-	-	-
Airport	(421,786)	374,897	-	1,087,542	1,040,653	-	1,040,653	-	-	-	-
Street	(2,869,244)	19,711	10,732	34,459	(2,804,342)	-	(2,804,342)	-	-	-	-
Cemetery	(88,132)	17,075	-	-	(71,057)	-	(71,057)	-	-	-	-
Construction	(112,162)	-	-	-	(112,162)	-	(112,162)	-	-	-	-
Shop	(60,629)	-	-	-	(60,629)	-	(60,629)	-	-	-	-
Health	(21,387)	1,050	-	-	(20,337)	-	(20,337)	-	-	-	-
City hall complex	(429,029)	-	-	-	(429,029)	-	(429,029)	-	-	-	-
City beautification	(2,901)	-	-	-	(2,901)	-	(2,901)	-	-	-	-
Economic development	(117,897)	-	-	12,054	(105,843)	-	(105,843)	-	-	-	-
Tourist development	(113,241)	6,796	589	-	(105,856)	-	(105,856)	-	-	-	-
Parks and recreation	(780,256)	209,851	4,166	-	(566,239)	-	(566,239)	-	-	-	-
Golf	(283,662)	201,139	-	-	(82,523)	-	(82,523)	-	-	-	-
Transit	(159,642)	32,436	66,357	47,094	(13,755)	-	(13,755)	-	-	-	-
Library	(621,866)	48,632	11,607	148	(561,479)	-	(561,479)	-	-	-	-
Civic center	(776,266)	417,251	-	-	(359,015)	-	(359,015)	-	-	-	-
Galloway park department	(12,724)	-	850	-	(11,874)	-	(11,874)	-	-	-	-
Senior citizens	(55,052)	-	-	-	(55,052)	-	(55,052)	-	-	-	-
Other	(293,776)	-	-	-	(293,776)	-	(293,776)	-	-	-	-
Debt service	(12,192)	-	-	-	(12,192)	-	(12,192)	-	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	(11,496,230)	1,680,912	375,786	1,233,496	(8,206,036)	-	(8,206,036)	-	-	-	-

See accompanying notes.



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

Functions/Programs	Net (Expenses), Revenues and Changes in Net Assets														
	Program Revenues					Primary Government					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-Type Activities	Total	West Plains Public Library Foundation	South 160 Community Improvement District	63 ByPass Community Improvement District	Southern Hills Community Improvement District			
Primary Government															
Business-Type Activities															
Water	(1,500,465)	1,836,442	-	-	-	335,977	335,977								
Sewer	(1,406,948)	1,651,154	-	-	-	244,206	244,206								
Electric	(12,459,199)	14,716,473	-	-	-	2,257,274	2,257,274								
Refuse	(1,723,944)	1,846,796	-	-	-	122,852	122,852								
Storm water engineering	(150,442)	185,323	-	-	-	34,881	34,881								
TOTAL BUSINESS-TYPE ACTIVITIES	(17,240,998)	20,236,188	-	-	-	2,995,190	2,995,190								
TOTAL PRIMARY GOVERNMENT	<u>\$ (28,737,228)</u>	<u>\$ 21,917,100</u>	<u>\$ 375,786</u>	<u>\$ 1,233,496</u>		<u>(8,206,036)</u>	<u>2,995,190</u>	<u>(5,210,846)</u>							
Component Units															
West Plains Public Library Foundation	\$ (6,854)	\$ -	\$ 8,636	\$ -				1,782							
South 160 Community Improvement District	(258,823)	-	-	-					(258,823)						
63 ByPass Community Improvement District	(3,326)	-	-	-							(3,326)				
Southern Hills Community Improvement District	(2,565)	-	-	-										(2,565)	
TOTAL COMPONENT UNITS	<u>\$ (271,568)</u>	<u>\$ -</u>	<u>\$ 8,636</u>	<u>\$ -</u>				<u>1,782</u>	<u>(258,823)</u>	<u>(3,326)</u>	<u>(2,565)</u>				
General Revenues:															
Sales taxes			5,721,906												
Ad valorem taxes			637,511												
Motor vehicle and gas taxes			405,647												
Other taxes			138,200												
Franchise taxes			1,898,176												
Interest			70,982			178,311	178,311								
Other revenue			91,550			5,842	5,842								
Total General Revenues			8,963,972			184,153	184,153								
Changes in Net Assets			757,936			3,179,343	3,937,279								
Net Assets, Beginning of year			39,305,736			44,512,033	83,817,769								
Net Assets, End of year			\$ 40,063,672			\$ 47,691,376	\$ 87,755,048								

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI  
BALANCE SHEET – GOVERNMENTAL FUNDS  
March 31, 2010

	General Fund	Tax Increment Financing #1 Fund	Tax Increment Financing #2 Fund	Tax Increment Financing #3 Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,261,877	\$ -	\$ -	\$ -	\$ 1,261,877
Taxes receivable	911,129	-	-	-	911,129
Other accounts receivable	21,879	-	-	-	21,879
Court fines receivable	60,379	-	-	-	60,379
Intergovernmental receivable	294,569	-	-	-	294,569
Due from other funds	17,580	1,772	-	-	19,352
Inventory	65,750	-	-	-	65,750
Prepaid expenses	119,427	-	-	-	119,427
MODAG receivable	242,384	-	-	-	242,384
Restricted cash and cash equivalents	2,446,077	250,523	-	31,571	2,728,171
Restricted investments	733,411	-	-	-	733,411
<b>TOTAL ASSETS</b>	<b>\$ 6,174,462</b>	<b>\$ 252,295</b>	<b>\$ -</b>	<b>\$ 31,571</b>	<b>\$ 6,458,328</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts payable	\$ 650,797	\$ -	\$ -	\$ -	\$ 650,797
Accrued expenses	68,512	-	-	31,571	100,083
Deferred revenue	88,296	-	-	-	88,296
<b>TOTAL LIABILITIES</b>	<b>807,605</b>	<b>-</b>	<b>-</b>	<b>31,571</b>	<b>839,176</b>
<b>Fund Balances</b>					
<b>Reserved reported in:</b>					
General Fund	3,179,488	-	-	-	3,179,488
Special Revenue Funds	-	252,295	-	-	252,295
<b>Unreserved, reported in:</b>					
General Fund	2,187,369	-	-	-	2,187,369
<b>TOTAL FUND BALANCES</b>	<b>5,366,857</b>	<b>252,295</b>	<b>-</b>	<b>-</b>	<b>5,619,152</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,174,462</b>	<b>\$ 252,295</b>	<b>\$ -</b>	<b>\$ 31,571</b>	<b>\$ 6,458,328</b>

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF  
 NET ASSETS  
 March 31, 2010

Fund balance - total governmental funds	\$ 5,619,152
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Governmental capital assets	90,632,710
Less accumulated depreciation	<u>(50,080,087)</u>
	40,552,623
Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due	(100,177)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(6,291,279)
Unamortized issuance costs on certificates of participation	195,057
Adjustment of deferred revenue	<u>88,296</u>
Net assets of governmental activities	<u><u>\$ 40,063,672</u></u>

CITY OF WEST PLAINS, MISSOURI  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL  
FUNDS  
Year Ended March 31, 2010

	General Fund	Tax Increment Financing #1 Fund	Tax Increment Financing #2 Fund	Tax Increment Financing #3 Fund	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 8,508,136	\$ 23,745	\$ 199,157	\$ 70,404	\$ 8,801,442
Licenses and permits	67,055	-	-	-	67,055
Intergovernmental revenues	1,600,393	-	-	-	1,600,393
Charges for services	1,596,133	-	-	-	1,596,133
Miscellaneous	180,185	1,007	-	-	181,192
<b>TOTAL REVENUES</b>	<b>11,951,902</b>	<b>24,752</b>	<b>199,157</b>	<b>70,404</b>	<b>12,246,215</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
Administrative	2,035,809	-	-	-	2,035,809
Safety	14,987	-	-	-	14,987
Engineering	252,829	-	-	-	252,829
Building official	46,669	-	-	-	46,669
City attorney	116,601	-	-	-	116,601
Court	108,386	-	-	-	108,386
Police	1,550,911	-	-	-	1,550,911
Animal control	306,029	-	-	-	306,029
Emergency management	266,016	-	-	-	266,016
Fire	646,948	-	-	-	646,948
Airport	1,573,441	-	-	-	1,573,441
Street	1,376,641	-	-	-	1,376,641
Cemetery	84,405	-	-	-	84,405
Construction	112,692	-	-	-	112,692
Shop	60,248	-	-	-	60,248
Health	21,387	-	-	-	21,387
City hall complex	325,943	-	-	-	325,943
City beautification	2,901	-	-	-	2,901
Economic development	117,897	-	-	-	117,897
Tourist development	109,286	-	-	-	109,286
Parks and recreation	627,014	-	-	-	627,014
Golf	277,413	-	-	-	277,413
Transit	187,343	-	-	-	187,343
Library	571,588	-	-	-	571,588
Civic center	1,916,552	-	-	-	1,916,552
Galloway park department	11,583	-	-	-	11,583
Senior citizens	23,536	-	-	-	23,536
Other	-	24,215	199,157	70,404	293,776
<b>TOTAL EXPENDITURES</b>	<b>12,745,055</b>	<b>24,215</b>	<b>199,157</b>	<b>70,404</b>	<b>13,038,831</b>
<b>EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES</b>					
	(793,153)	537	-	-	(792,616)
<b>FUND BALANCE, April 1</b>					
	6,160,010	251,758	-	-	6,411,768
<b>FUND BALANCE, March 31</b>					
	<u>\$ 5,366,857</u>	<u>\$ 252,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,619,152</u>

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, 2010

Net change in fund balances - total governmental funds \$ (792,616)

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	3,608,421
Depreciation	<u>(3,067,262)</u>
	541,159

Some revenues reported in the governmental funds represent current financial resources and were recognized in the statement of activities when earned.	7,951
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The issuance of long-term debt provides current financial resources to governmental funds. The repayment of the principal of long-term debt is a use of current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. In the statement of activities, interest is accrued on outstanding debt whereas in the governmental funds, an interest expenditure is reported when due. The following is the detail of the net affect of these differences.

Repayment of principal on COPs and leases	1,002,145
COP issuance costs	(12,192)
Accrued interest payable	<u>(1,471)</u>
	988,482

Some expenditures reported in the governmental funds represent the use of current financial resources and were recognized in the statement of activities when incurred.	<u>12,960</u>
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Change in net assets of governmental activities	<u><u>\$ 757,936</u></u>
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CITY OF WEST PLAINS, MISSOURI  
STATEMENT OF NET ASSETS – ENTERPRISE FUND  
March 31, 2010

	Utility Fund	
	March 31,	
	2010	2009
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 9,338,200	\$ 7,546,768
Investments	2,245,000	-
Utilities receivable, net	1,697,902	1,557,824
Other accounts receivable	352,284	451,349
Inventory	1,331,613	1,320,407
Prepaid expenses	63,005	79,602
<b>TOTAL CURRENT ASSETS</b>	<b>15,028,004</b>	<b>10,955,950</b>
Restricted Assets		
Cash and cash equivalents	3,534,341	1,240,744
Investments	1,243,044	1,239,961
Deferred Debt Issuance Costs	208,416	143,552
Property, Plant and Equipment	65,766,051	65,052,478
Less accumulated depreciation	(21,333,920)	(19,687,484)
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>44,432,131</b>	<b>45,364,994</b>
<b>TOTAL ASSETS</b>	<b>64,445,936</b>	<b>58,945,201</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	1,323,761	568,038
Accrued expenses	87,522	56,805
Accrued interest payable	116,824	109,698
Internal balances	19,352	78,323
Meter deposits payable	441,447	423,702
Current maturities of long-term debt	750,000	715,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,738,906</b>	<b>1,951,566</b>
Long-Term Liabilities		
Revenue bonds payable	11,631,426	12,359,283
Certificates of Participation payable	2,264,567	-
Compensated absences payable	119,661	122,319
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>14,015,654</b>	<b>12,481,602</b>
<b>TOTAL LIABILITIES</b>	<b>16,754,560</b>	<b>14,433,168</b>
Net Assets		
Invested in capital assets, net of related debt	31,794,073	32,290,711
Restricted	2,328,003	2,057,003
Unrestricted	13,569,300	10,164,319
<b>TOTAL NET ASSETS</b>	<b>\$ 47,691,376</b>	<b>\$ 44,512,033</b>

See accompanying notes.

CITY OF WEST PLAINS, MISSOURI  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – ENTERPRISE FUND  
 Year Ended March 31, 2010

	Year Ended March 31,	
	2010	2009
<b>OPERATING REVENUES</b>		
Charges for services		
Electric	\$ 14,716,473	\$ 14,795,462
Water	1,836,442	1,883,785
Sewer	1,651,154	1,791,879
Refuse	1,846,796	1,858,968
Stormwater	185,323	60,224
<b>TOTAL OPERATING REVENUES</b>	<b>20,236,188</b>	<b>20,390,318</b>
<b>OPERATING EXPENSES</b>		
Electric		
Wages and benefits	535,250	642,244
Franchise fees	1,350,155	1,323,682
Engineering	24,905	25,382
Purchased power	7,778,904	8,292,297
Utilities	5,203	6,202
Other operating expenses	926,646	261,912
Depreciation	839,026	835,316
Water		
Wages and benefits	324,953	406,762
Engineering	3,478	81,957
Utilities	140,598	137,903
Other operating expenses	204,487	203,961
Depreciation	442,676	436,269
Sewer		
Wages and benefits	389,324	448,116
Utilities	94,803	81,446
Other operating expenses	172,722	191,692
Depreciation	365,826	372,034
Refuse		
Wages and benefits	676,428	723,172
Landfill service	507,548	507,303
Refuse utilities	14,714	12,740
Other operating expenses	260,119	298,321
Depreciation	169,067	172,705
Engineering		
Wages and benefits	110,188	108,749
Other operating expenses	180	-
Depreciation	2,938	2,938
Shop		
Wages and benefits	48,097	47,919
Depreciation	2,426	2,426

CITY OF WEST PLAINS, MISSOURI  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS – ENTERPRISE FUND  
(CONTINUED)  
Year Ended March 31, 2010

	Year Ended March 31,	
	2010	2009
Storm Water Engineering		
Wages and benefits	62,848	42,570
Contracted services	18,000	24,614
Other operating expenses	11,738	431
Depreciation	214	-
Administration and Warehouse		
Wages and benefits	578,533	545,958
Insurance	270,127	288,991
Utilities	61,499	56,875
Other operating expenses	204,262	203,224
Depreciation	5,537	4,996
TOTAL OPERATING EXPENSES	<u>16,603,419</u>	<u>16,791,107</u>
OPERATING INCOME	3,632,769	3,599,211
NONOPERATING REVENUES (EXPENSES)		
Interest income	178,311	212,476
Other revenue	5,842	52,534
Interest expense	(625,906)	(589,534)
Loss on disposal of equipment	(11,673)	(10,961)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(453,426)</u>	<u>(335,485)</u>
INCOME BEFORE OPERATING TRANSFERS OUT	-	3,263,726
Operating Transfer out	-	(68,366)
NET INCOME	<u>3,179,343</u>	<u>3,195,360</u>
NET ASSETS, April 1	<u>44,512,033</u>	<u>41,316,673</u>
NET ASSETS, March 31	<u>\$ 47,691,376</u>	<u>\$ 44,512,033</u>

See accompanying notes.



CITY OF WEST PLAINS, MISSOURI  
STATEMENT OF CASH FLOWS – ENTERPRISE FUND  
Year Ended March 31, 2010

	Utility Fund	
	Year Ended March 31,	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 20,212,920	\$ 20,395,586
Cash paid to suppliers	(11,288,974)	(12,684,592)
Cash paid to employees	(2,697,562)	(2,960,464)
Other cash received for nonoperating revenues	(5,831)	41,573
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>6,220,553</b>	<b>4,792,103</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayment of loans (to) from other funds	(58,971)	59,393
Transfers (to) other funds	-	(68,366)
<b>NET CASH (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(58,971)</b>	<b>(8,973)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(894,847)	(1,518,598)
Proceeds from certificates of participation	2,264,567	-
Payment of principal on long-term debt	(692,857)	(647,857)
Payment of interest expense	(683,644)	(587,936)
<b>NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(6,781)</b>	<b>(2,754,391)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	178,311	212,476
Purchase of investments	(2,248,083)	(10,323)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(2,069,772)</b>	<b>202,153</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>4,085,029</b>	<b>2,230,892</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<b>8,787,512</b>	<b>6,556,620</b>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<b>12,872,541</b>	<b>8,787,512</b>
<b>LESS RESTRICTED CASH AND CASH EQUIVALENTS</b>	<b>3,534,341</b>	<b>1,240,744</b>
<b>UNRESTRICTED CASH AND CASH EQUIVALENTS</b>	<b>\$ 9,338,200</b>	<b>\$ 7,546,768</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income	\$ 3,632,769	\$ 3,599,211
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,827,710	1,826,684
(Increase) decrease in:		
Receivables	(41,013)	(2,589)
Inventory	(11,206)	(366,989)
Prepaid expenses	16,597	(30,946)
Increase (decrease) in:		
Accounts payable	755,723	(287,724)
Compensated absences payable	(2,658)	-
Accrued expenses	30,717	5,026
Meter deposits payable	17,745	7,857
Other cash (paid) received for nonoperating revenues	(5,831)	41,573
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 6,220,553</b>	<b>\$ 4,792,103</b>

See accompanying notes.

## NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

### Financial Reporting Entity

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Component Units

**West Plains Public Library Foundation**

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

**South 160 Community Improvement District**

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

**63 By-Pass Community Improvement District**

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

**Southern Hills Community Improvement District**

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended March 31, 2009, from which the summarized information was derived.

*GOVERNMENT-WIDE FINANCIAL STATEMENTS*

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

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

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

*FUND FINANCIAL STATEMENTS*

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary fund:

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

Capital Assets

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

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

CITY OF WEST PLAINS, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2010

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Pooled Cash And Cash Equivalents

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

Unreserved Fund Equity

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

Inventories

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

Revenue Recognition – Property Taxes

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

Compensated Absences

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Interest Capitalization

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

Net Assets

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

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

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

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

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

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2010

NOTE B – CASH AND CASH EQUIVALENTS

State statutes require that the City’s deposits be collateralized in the name of the City by the trust department of a bank that does not hold the collateralized deposits. As of March 31, 2010, all bank balances on deposit are entirely insured or collateralized.

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

NOTE C – INVESTMENTS

**Primary Government**

Investments of the City as of March 31, 2010, are as follows:

<u>Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit	7/22/2010 - 9/18/2014	\$ 4,145,341
Guaranteed Investment Contracts	1/1/2019 - 7/1/2021	63,702
U.S. Treasury Notes (SLGS) held by United Missouri Bank Corporate Trust Services	7/1/2020	485
Fidelity Treasury Fund	N/A	11,927
		<u>\$ 4,221,455</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, 2010, all certificates of deposit are entirely insured or collateralized with securities.



CITY OF WEST PLAINS, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2010

NOTE C – INVESTMENTS (continued)

Fidelity Treasury Fund

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

Guaranteed Investment Contracts

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

U.S. Treasury Notes (SLGS)

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

**West Plains Public Library Foundation**

The West Plains Public Library Foundation has \$302,814 invested with the Community Foundation of the Ozarks' pooled investment fund. Fair market value approximates cost as the foundation has a pro-rata share of the fund.

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2010

NOTE D – RESTRICTED ASSETS

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

<b>General Fund</b>	Restricted Cash and Investments	Restricted Net Assets	Reserved Fund Balance
MODAG grant funds	\$ 77,557	\$ 77,557	\$ 77,557
Cemetery perpetual care	126,785	126,785	126,785
Galloway park donations	550	550	550
Capital projects	500,000	500,000	500,000
Canine unit donations	100	100	100
DARE donations	1,167	1,167	1,167
Police seized funds	9,924	9,924	9,924
Court bonds	6,445	6,445	6,445
Federal equity sharing	1,729	1,729	1,729
Cemetery capital	26,183	26,183	26,183
EDA grant	51,411	51,411	51,411
Fire alarms	1,874	1,874	1,874
Transportation tax	806,768	806,768	806,768
Capital improvement tax	275,347	275,347	275,347
Library	2,846	2,846	2,846
2006 COP reserves	768,715	768,715	768,715
2006 COP proceeds	522,087	-	522,087
	<u>\$ 3,179,488</u>	<u>\$ 2,657,401</u>	<u>\$ 3,179,488</u>

<b>Special Revenue Funds</b>	Restricted Cash and Investments	Reserved Fund Balance/ Restricted Net Assets
Reserved/restricted for debt service	\$ 282,094	\$ 252,295
<b>Enterprise Fund</b>		
2004 bond reserves	\$ 1,201,896	\$ 1,201,896
1996 bond reserves	76,113	76,113
2000 bond reserves	800,988	800,988
2010 bond reserves	2,226,894	218,959
Service deposits	441,447	-
Landfill closure	30,047	30,047
	<u>\$ 4,777,385</u>	<u>\$ 2,328,003</u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2010

NOTE E – ACCOUNTS RECEIVABLE

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

	<u>Gross Receivable</u>	<u>Allowance</u>	<u>Net Receivable</u>
UTILITIES RECEIVABLE			
Enterprise Fund	\$ 2,479,885	\$ 781,983	\$ 1,697,902

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

	<u>Gross Receivable</u>	<u>Allowance</u>	<u>Net Receivable</u>
COURT FINES RECEIVABLE			
General Fund	\$ 119,131	\$ 58,752	\$ 60,379

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

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

Assessed Valuation	<u>2009</u>
Real estate	\$ 95,890,027
Personal property	<u>31,946,251</u>
TOTAL	<u>\$ 127,836,278</u>
Tax Rate Per \$100 of Assessed Valuation	<u>2009</u>
General Fund	\$ .2877
Library Fund	<u>.2000</u>
	<u>\$ .4877</u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2010

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

The legal debt margin at March 31, 2010, was computed as follows:

	General Obligation Bonds		
	Ordinary (1)	Additional (2)	Total
Constitutional Debt Limit	\$ 12,783,628	\$ 12,783,628	\$ 25,567,256
General Obligation Bonds Payable	-	-	-
<b>LEGAL DEBT MARGIN</b>	<u>\$ 12,783,628</u>	<u>\$ 12,783,628</u>	<u>\$ 25,567,255</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:

	Interest Rate	Annual Payment	Total Due
West Plains Industrial Development Corporation	3%	\$ 7,500	\$ 83,380
West Plains Industrial Development Corporation	5%	14,500	38,580
West Plains Industrial Development Corporation	5%	19,319	77,418
West Plains Industrial Development Corporation	5%	10,228	43,006
			<u>\$ 242,384</u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2010

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

Long-term debt in the Enterprise Fund consists of 1996B Sewerage System Revenue Bonds, 2004 Sewer System Revenue Bonds, 2006 Waterworks System Revenue Refunding Bonds, 2010 Certificates of Participation, 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, 2010, are listed in the following table:

Year Ended March 31,	Principal	Interest	Administrative Fee	Total
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>\$ 1,355,000</u>	<u>\$ 339,845</u>	<u>\$ 46,053</u>	<u>\$ 1,740,898</u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2010

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

2004 Sewer System Revenue Bonds:

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

The annual debt service requirements to amortize the principal on the 2004 revenue bonds outstanding at March 31, 2010, are listed in the following table:

<u>Year Ended</u> <u>March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 6,575,000</u>	<u>\$ 2,659,218</u>	<u>\$ 9,234,218</u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2010

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

2006 Waterworks System Refunding Revenue Bonds:

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

The annual debt service requirements to amortize the principal on the 2006 revenue bonds outstanding at March 31, 2010, are listed in the following table:

Year Ended March 31,	Principal	Interest	Total
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>\$ 4,695,000</u>	<u>\$ 1,342,683</u>	<u>\$ 6,037,683</u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2010

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

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

Year Ended March 31,	Principal	Interest	Interest Subsidy	Total
2011	\$ -	\$ 139,299	\$ (62,182)	\$ 77,117
2012	-	134,085	(60,338)	73,747
2013	-	134,085	(60,338)	73,747
2014	-	134,085	(60,338)	73,747
2015	-	134,085	(60,338)	73,747
2016	-	134,085	(60,338)	73,747
2017	-	134,085	(60,338)	73,747
2018	-	134,085	(60,338)	73,747
2019	-	134,085	(60,339)	73,746
2020	-	134,085	(60,339)	73,746
2021	140,000	134,085	(60,339)	213,746
2022	200,000	126,665	(56,999)	269,666
2023	205,000	115,765	(52,094)	268,671
2024	215,000	104,285	(46,928)	272,357
2025	220,000	91,922	(41,365)	270,557
2026	230,000	78,942	(35,524)	273,418
2027	235,000	64,682	(29,107)	270,575
2028	245,000	49,878	(22,445)	272,433
2029	255,000	34,198	(15,389)	273,809
2030	265,000	17,623	(7,930)	274,693
	<u>\$ 2,210,000</u>	<u>\$ 2,164,109</u>	<u>\$ (973,346)</u>	<u>\$ 3,400,763</u>



CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2010

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

A summary of the changes in long-term debt – business-type activities for the year ended March 31, 2010, is as follows:

	Balance March 31, 2009	Additions	Retirements	Balance March 31, 2010
Revenue Bonds				
1996B Series	\$ 1,490,000	\$ -	\$ 135,000	\$ 1,355,000
2004 Series	6,870,000	-	295,000	6,575,000
2006 Series	4,980,000	-	285,000	4,695,000
Deferred loss on debt refunding	(265,717)	-	(22,143)	(243,574)
	<u>13,074,283</u>	-	<u>692,857</u>	<u>12,381,426</u>
Certificates of Participation				
2010 Series	-	2,210,000	-	2,210,000
Premium on COP	-	54,567	-	54,567
	-	<u>2,264,567</u>	-	<u>2,264,567</u>
Compensated Absences	<u>122,319</u>	-	<u>2,658</u>	<u>119,661</u>
TOTAL	<u>\$ 13,196,602</u>	<u>\$ 2,264,567</u>	<u>\$ 695,515</u>	<u>\$ 14,765,654</u>

NOTE I – LONG-TERM DEBT – GOVERNMENTAL ACTIVITIES

Long-term debt for governmental activities at March 31, 2010, consists of 2006 certificates of participation and compensated absences payable.

2006 Certificates of Participation:

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

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2010

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, 2010, are listed in the following table:

Year Ended March 31,	Principal	Interest	Total
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>\$ 6,120,000</u>	<u>\$ 1,259,134</u>	<u>\$ 7,379,134</u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2010

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, 2010, is as follows:

	Balance March 31, 2009	Additions	Retirements	Balance March 31, 2010
Capital Lease Obligation				
Winter sport complex	\$ 12,145	\$ -	\$ 12,145	\$ -
Certificates of Participation				
2006 Series	7,110,000	-	990,000	6,120,000
Compensated absences payable	184,240	-	12,961	171,279
TOTAL	<u>\$ 7,306,385</u>	<u>\$ -</u>	<u>\$ 1,015,106</u>	<u>\$ 6,291,279</u>

NOTE K – CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2010, was as follows:

**Primary Government**

	Balance March 31, 2009	Additions	Deletions	Balance March 31, 2010
Governmental Activities				
Non-Depreciable Capital Assets:				
Construction in progress	\$ 927,513	\$ 2,782,855	\$ 754,307	\$ 2,956,061
Land	2,863,526	-	-	2,863,526
Total Non-depreciable Capital Assets	<u>\$ 3,791,039</u>	<u>\$ 2,782,855</u>	<u>\$ 754,307</u>	<u>\$ 5,819,587</u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2010

NOTE K – CAPITAL ASSETS (continued)

	Balance March 31, 2009	Additions	Deletions	Balance March 31, 2010
Depreciable Capital Assets:				
Building and improvements	\$ 16,054,269	\$ 328,751	\$ 2,968	\$ 16,380,052
Machinery and equipment	2,368,443	61,489	3,700	2,426,232
Vehicles	2,786,274	77,594	146,578	2,717,290
Infrastructure	62,018,279	1,408,420	143,135	63,283,564
Land improvements	5,985	-	-	5,985
Total Depreciable Capital Assets	83,233,250	<u>\$ 1,876,254</u>	<u>\$ 296,381</u>	84,813,123
Less Accumulated Depreciation	47,012,825	<u>\$ 3,362,810</u>	<u>\$ 295,548</u>	50,080,087
Total Depreciable Capital Assets, net	<u>\$ 36,220,425</u>			<u>\$ 34,733,036</u>

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

Administration	\$ 5,793
Engineering	16,784
Police	66,135
Animal control	770
Public safety	13,738
Fire	126,465
Airport	45,233
Street	2,537,807
Cemetery	4,182
Shop	381
City hall complex	103,086
Tourist development	3,955
Parks and recreation	204,053
Golf	6,411
Transit	19,393
Library	55,622
Civic center	153,002
	<u>\$ 3,362,810</u>

CITY OF WEST PLAINS, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2010

NOTE K – CAPITAL ASSETS (continued)

	Balance March 31, 2009	Additions	Deletions	Balance March 31, 2010
<b>Business-Type Activities</b>				
Water				
Non-Depreciable Capital Assets:				
Land	\$ 121,427	\$ 45,325	\$ -	\$ 166,752
Construction in progress	-	28,648	-	28,648
Total Non-Depreciable Capital Assets	121,427	<u>\$ 73,973</u>	<u>\$ -</u>	195,400
Depreciable Capital Assets:				
Buildings and improvements	65,913	35,720	-	101,633
Plant	14,828,083	235,216	-	15,063,299
Equipment	494,415	17,990	51,876	460,529
Transportation equipment	276,777	34,131	11,945	298,963
Total Depreciable Capital Assets	15,665,188	<u>\$ 323,057</u>	<u>\$ 63,821</u>	15,924,424
Less Accumulated Depreciation	5,159,143	<u>\$ 453,791</u>	<u>\$ 97,324</u>	5,515,610
Depreciable Capital Assets, net	10,506,045			10,408,814
Electric				
Non-Depreciable Capital Assets:				
Land	76,662	\$ -	\$ -	76,662
Construction in progress	-	123,626	-	123,626
Total Non-Depreciable Capital Assets	76,662	<u>\$ 123,626</u>	<u>\$ -</u>	200,288
Depreciable Capital Assets:				
Buildings and improvements	219,856	\$ -	\$ -	219,856
Plant	21,915,735	185,538	-	22,101,273
Equipment	2,334,954	20,781	12,794	2,342,941
Transportation equipment	1,214,059	81,615	22,607	1,273,067
Total Depreciable Capital Assets	25,684,604	<u>\$ 287,934</u>	<u>\$ 35,401</u>	25,937,137
Less Accumulated Depreciation	8,437,825	<u>\$ 839,026</u>	<u>\$ -</u>	9,276,851
Depreciable Capital Assets, net	17,246,779			16,660,286

CITY OF WEST PLAINS, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2010

NOTE K – CAPITAL ASSETS (continued)

	Balance March 31, 2009	Additions	Deletions	Balance March 31, 2010
<b>Sewer</b>				
Depreciable Capital Assets:				
Buildings and improvements	75,483	\$ -	\$ -	75,483
Plant	20,198,104	88,154	-	20,286,258
Equipment	619,170	-	16,623	602,547
Transportation equipment	90,121	-	-	90,121
Total Depreciable Capital Assets	20,982,878	<u>\$ 88,154</u>	<u>\$ 16,623</u>	21,054,409
Less Accumulated Depreciation	4,719,958	<u>\$ 365,826</u>	<u>\$ 16,623</u>	5,069,161
Depreciable Capital Assets, net	16,262,920			15,985,248
<b>Refuse</b>				
Non-Depreciable Capital Assets:				
Land	15,000	\$ -	\$ -	15,000
Depreciable Capital Assets:				
Buildings and improvements	247,651	-	61,999	185,652
Transfer station	540,911	-	-	540,911
Equipment	806,045	-	4,512	801,533
Transportation equipment	912,112	-	815	911,297
Total Depreciable Capital Assets	2,506,719	<u>\$ -</u>	<u>\$ 67,326</u>	2,439,393
Less Accumulated Depreciation	1,370,558	<u>\$ 169,067</u>	<u>\$ 67,327</u>	1,472,298
Depreciable Capital Assets, net	1,136,161			967,095
Total Capital Assets, net	<u>\$ 45,364,994</u>			<u>\$ 44,432,131</u>

CITY OF WEST PLAINS, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2010

NOTE K – CAPITAL ASSETS (continued)

**Component Units**

	Balance March 31, 2009	Additions	Deletions	Balance March 31, 2010
South 160 Community Improvement District				
Depreciable Capital Assets:				
Infrastructure	\$ 3,334,578	\$ 46,458	\$ -	\$ 3,381,036
Total Depreciable Capital Assets	3,334,578	\$ 46,458	\$ -	3,381,036
Less Accumulated Depreciation	165,628	\$ 66,692	\$ -	232,320
Depreciable Capital Assets, net	<u>\$ 3,168,950</u>			<u>\$ 3,148,716</u>
63 ByPass Community Improvement District				
Depreciable Capital Assets:				
Infrastructure	\$ 95,500	\$ 58,511	\$ -	\$ 154,011
Total Depreciable Capital Assets	95,500	\$ 58,511	\$ -	154,011
Less Accumulated Depreciation	1,910	\$ 1,910	\$ -	3,820
Depreciable Capital Assets, net	<u>\$ 93,590</u>			<u>\$ 150,191</u>
Southern Hills Community Improvement District				
Depreciable Capital Assets:				
Infrastructure	\$ -	\$ 168,133	\$ -	\$ 168,133
Total Depreciable Capital Assets	-	\$ 168,133	\$ -	168,133
Less Accumulated Depreciation	-	\$ -	\$ -	-
Depreciable Capital Assets, net	<u>\$ -</u>			<u>\$ 168,133</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.

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 11.6% (general), 11.2% (police) and 17% (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 2009, the political subdivision's annual pension cost of \$702,092 was equal to the required and actual contributions. The required contribution was determined as part of the February 28, 2007 and/or February 29, 2008, annual actuarial valuation using the entry age actuarial cost method. The actuarial assumptions as of February 28, 2009, 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 28, 2009, was 15 years.



CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2010

NOTE L – EMPLOYEE PENSION PLAN (continued)

Three-Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 602,556	100%	\$ -
6/30/2008	649,176	100%	-
6/30/2009	702,092	100%	-

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

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-a) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
02/28/09	\$ 9,736,777	\$ 13,116,858	\$ 3,380,081	74%	\$ 5,420,946	62%

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

NOTE M – RISK MANAGEMENT

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

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2010

NOTE N – INTERNAL BALANCES

Internal balances as of March 31, 2010, consisted of the following:

	General Fund	Tax Increment Financing Funds	Utility Fund
Internal balances	<u>\$ 17,580</u>	<u>\$ 1,772</u>	<u>\$ (19,352)</u>

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, 2010, 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 Bonds and 2010 Certificates of Participation issuance costs are amortized as an adjustment to interest expense using straight-line amortization over the lives of the issues ranging from 15 to 20 years.

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

A summary of the changes in the deferred bond issuance costs for the year ended March 31, 2010, is listed below:

	Balance March 31, 2009	Additions	Amortization	Balance March 31, 2010
Utility Fund	<u>\$ 143,552</u>	<u>\$ 74,790</u>	<u>\$ 9,926</u>	<u>\$ 208,416</u>
Governmental Activities	<u>\$ 207,249</u>	<u>\$ -</u>	<u>\$ 12,192</u>	<u>\$ 195,057</u>

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2010

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, 2010, expenditures have not been audited by grantor governments, but the City believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the City.

NOTE 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 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, 2009	Additions	Amortization	Balance March 31, 2010
Utility Fund	<u>\$ 265,717</u>	<u>\$ -</u>	<u>\$ 22,143</u>	<u>\$ 243,574</u>

NOTE R – SHORT-TERM DEBT

**South 160 Community Improvement District**

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

CITY OF WEST PLAINS, MISSOURI  
 NOTES TO FINANCIAL STATEMENTS  
 March 31, 2010

NOTE R – SHORT-TERM DEBT (continued)

Short-term activity for the year ended March 31, 2010, is summarized below:

	Balance March 31, 2009	Additions	Retirements	Balance March 31, 2010
Bond Anticipation Notes	<u>\$ 3,007,507</u>	<u>\$ 2,947,324</u>	<u>\$ (3,009,049)</u>	<u>\$ 2,945,782</u>

NOTE S – PLEDGED REVENUES

The City has pledged future water and sewer customer revenues to repay the 1996B, 2004 and 2006 revenue bonds issued to improve and expand the water and sewer system. The bonds are payable solely from customer net revenues and are payable through 2025. Net revenues are revenues of the system less expenses of the system with the exception of depreciation. The total principal, interest and fees remaining to be paid on the bonds is \$17,012,799. Principal and interest paid for the current year and total customer net revenues were \$1,289,409 and \$2,157,231, respectively.

The City has pledged future sales tax revenues to repay the Series 2006 Certificates of Participation issued for the purpose of financing various City building projects. The lease purchase is payable solely from tax revenues of the City and is payable through 2027. The total principal and interest remaining to be paid on the lease is \$7,379,134.

NOTE T – COMMITMENTS

As of March 31, 2010, the City had the following commitments:

- Gold Mechanical, Inc. for construction on the Civic Center in the amount of \$153,563.
- Gentry Construction Co, Inc. for construction on the vehicle maintenance building in the amount of \$223,170.
- RKL Construction Co. for storage and construction on the East Entrance Addition on St. Louis Street in the amount of \$110,842.

CITY OF WEST PLAINS, MISSOURI  
NOTES TO FINANCIAL STATEMENTS  
March 31, 2010

NOTE U – DEFERRED REVENUE

Revenue has been deferred for receivables not expected to be collected within sixty days of year-end but are expected to be collectible. Deferred revenue as of March 31, 2010, consists of the following:

Court fines	\$	60,379
Golf course memberships		12,908
Advertising		7,375
Other		7,634
		<u>7,634</u>
	\$	<u>88,296</u>

CITY OF WEST PLAINS, MISSOURI  
 SCHEDULE OF FUNDING PROGRESS  
 Year Ended March 31, 2010

**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
2/28/2007	\$ 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%
2/28/2009	9,736,777	13,116,858	3,380,081	74%	5,420,946	62%

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  
DEPARTMENTAL STATEMENT OF NET ASSETS – ENTERPRISE FUND  
Year Ended March 31, 2010

	Utility Fund				Total
	Electric	Water	Sewer	Refuse	
<b>ASSETS</b>					
Current Assets					
Cash and cash equivalents	\$ 6,802,518	\$ 491,691	\$ 1,865,290	\$ 178,701	\$ 9,338,200
Investments	1,638,850	269,400	269,400	67,350	2,245,000
Utilities receivable, net	1,225,780	194,020	158,568	119,534	1,697,902
Other accounts receivable	320,442	7,448	18,906	5,488	352,284
Inventory	1,073,491	258,122	-	-	1,331,613
Prepaid expenses	18,901	13,231	12,601	18,272	63,005
<b>TOTAL CURRENT ASSETS</b>	<b>11,079,982</b>	<b>1,233,912</b>	<b>2,324,765</b>	<b>389,345</b>	<b>15,028,004</b>
Restricted Assets					
Cash and cash equivalents	229,198	2,869,314	405,782	30,047	3,534,341
Investments	-	-	1,243,044	-	1,243,044
<b>TOTAL RESTRICTED ASSETS</b>	<b>229,198</b>	<b>2,869,314</b>	<b>1,648,826</b>	<b>30,047</b>	<b>4,777,385</b>
Deferred Debt Issuance Costs	-	103,325	105,091	-	208,416
Property, Plant and Equipment	26,137,425	16,119,824	21,054,409	2,454,393	65,766,051
Less accumulated depreciation	(9,276,851)	(5,515,610)	(5,069,161)	(1,472,298)	(21,333,920)
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>16,860,574</b>	<b>10,604,214</b>	<b>15,985,248</b>	<b>982,095</b>	<b>44,432,131</b>
<b>TOTAL ASSETS</b>	<b>28,169,754</b>	<b>14,810,765</b>	<b>20,063,930</b>	<b>1,401,487</b>	<b>64,445,936</b>
<b>LIABILITIES AND NET ASSETS</b>					
Current Liabilities					
Accounts payable	1,053,737	80,478	81,182	108,364	1,323,761
Accrued expenses	52,509	13,715	10,138	11,160	87,522
Accrued interest payable	-	17,552	99,272	-	116,824
Internal balances	19,352	-	-	-	19,352
Meter deposits payable	229,552	211,895	-	-	441,447
Current maturities of long-term debt	-	305,000	445,000	-	750,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,355,150</b>	<b>628,640</b>	<b>635,592</b>	<b>119,524</b>	<b>2,738,906</b>
Long-Term Liabilities					
Revenue bonds payable	-	4,390,000	7,241,426	-	11,631,426
Certificates of Participation payable	-	2,264,567	-	-	2,264,567
Compensated absences payable	48,368	16,565	37,296	17,432	119,661
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>48,368</b>	<b>6,671,132</b>	<b>7,278,722</b>	<b>17,432</b>	<b>14,015,654</b>
<b>TOTAL LIABILITIES</b>	<b>1,403,518</b>	<b>7,299,772</b>	<b>7,914,314</b>	<b>136,956</b>	<b>16,754,560</b>
Net Assets					
Invested in capital assets, net of related debt	16,860,574	5,652,582	8,298,822	982,095	31,794,073
Restricted	-	218,959	2,109,044	-	2,328,003
Unrestricted	9,905,662	1,639,452	1,741,750	282,436	13,569,300
<b>TOTAL NET ASSETS</b>	<b>\$ 26,766,236</b>	<b>\$ 7,510,993</b>	<b>\$ 12,149,616</b>	<b>\$ 1,264,531</b>	<b>\$ 47,691,376</b>

CITY OF WEST PLAINS, MISSOURI  
 UTILITY REVENUE AND EXPENSE SCHEDULE BY DEPARTMENT  
 Year Ended March 31, 2010

		Utility Fund				
		Revenues	Expenses	Revenues over Expenses	Less Overhead	Net Income
66%	Electric	\$ 14,741,708	\$ 11,466,273	\$ 3,275,435	\$ 844,317	\$ 2,429,188
20%	Water	1,872,457	1,369,849	502,608	255,854	243,977
7%	Sewer	1,944,752	1,493,211	451,541	89,549	361,992
7%	Refuse	1,861,424	1,627,689	233,735	89,549	144,186
		<u>\$ 20,420,341</u>	<u>\$ 15,957,022</u>	<u>\$ 4,463,319</u>	<u>\$ 1,279,269</u>	<u>\$ 3,179,343</u>
<b>OVERHEAD</b>						
	Warehouse	\$ 139,981		\$ (139,981)		
	Administration	967,159		(967,159)		
	Safety	13,007		(13,007)		
	Engineering	113,306		(113,306)		
	Shop	50,523		(50,523)		
		<u>1,283,976</u>		<u>(1,283,976)</u>		
	<b>GRAND TOTALS</b>	<u>\$ 20,420,341</u>	<u>\$ 17,240,998</u>	<u>\$ 3,179,343</u>		



## APPENDIX B

### SUMMARY OF THE BOND ORDINANCE

The following is a summary of certain provisions and covenants contained in the Ordinance. Such summary does not purport to be complete and is qualified in its entirety by reference to the Ordinance.

### DEFINITIONS

**“Accountant”** means an independent certified public accountant or firm of certified public accountants.

**“Act”** means Chapter 250, RSMo.

**“Authority”** means the State Environmental Improvement and Energy Resources Authority, a body corporate and politic and a governmental instrumentality of the State.

**“Authority Program Bonds”** means any bonds of the Authority issued under the SRF Leveraged Program, all or a portion of the proceeds of which are loaned to the City pursuant to the SRF Leveraged Program.

**“BABs Interest Subsidy Payments”** means any payments to be received by the City from the U.S. Department of the Treasury under Section 54AA or Section 6431 of the Code, in connection with the payments of interest on System Revenue Bonds.

**“Bond Counsel”** means Gilmore & Bell, P.C., Kansas City, Missouri, or any other attorney or firm of attorneys with a nationally recognized standing in the field of municipal bond financing selected by the City.

**“Bonds”** means the Sewerage System Refunding Revenue Bonds, Series 2011, of the City in the original principal amount of \$6,260,000, dated as of their initial delivery date.

**“City”** means the City of West Plains, Missouri.

**“Current Expenses”** means all reasonable and necessary expenses of operation, maintenance and repair of the System and keeping the System in good repair and working order (other than interest paid on System Revenue Bonds and depreciation and amortization charges during the period of determination), including without limiting the generality of the foregoing, current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, costs of materials and supplies, Paying Agent fees and expenses, annual audits, periodic reports of the Consulting Engineer, properly allocated share of charges for insurance, the cost of purchased water, if any, and all other expenses incident to the operation of the System, but shall exclude all general administrative expenses of the City not related to the operation of the System, all as determined in accordance with generally accepted accounting principles.

**“Debt Service Requirements”** means the aggregate principal payments (whether at maturity or pursuant to scheduled mandatory sinking fund redemption requirements) and interest payments on all System Revenue Bonds for the period of time for which calculated; provided, however, that for purposes of calculating such amount, principal and interest shall be excluded from the determination of Debt Service Requirements to the extent that such principal or interest is payable from amounts deposited in trust, escrowed or otherwise set aside for the payment thereof with the Paying Agent or other commercial bank or trust company located in the State of Missouri and having full trust powers; and provided further, that for purposes of calculating such amount for

the last fiscal year during which any series of System Revenue Bonds will be outstanding, the amount on deposit in a debt service reserve fund or account for such series of System Revenue Bonds shall be deducted from the determination of the Debt Service Requirements for such fiscal year.

**“Debt Service Reserve Fund”** means the Debt Service Reserve Fund for Sewerage System Refunding Revenue Bonds, Series 2011, created by **Section 501** hereof.

**“Debt Service Reserve Requirement”** means, (a) with respect to the Bonds, an amount equal to \$587,393.76; and (b) with respect to any Parity Bonds, the amount required, if any, under the Parity Ordinance authorizing the Parity Bonds.

**“Escrow Agent”** means UMB Bank, N.A., St. Louis, Missouri, and any successors and assigns.

**“Escrow Agreement”** means the Escrow Trust Agreement dated as of September 6, 2011, between the City and the Escrow Agent.

**“Expenses”** means all reasonable and necessary expenses of operation, maintenance and repair of the System and keeping the System in good repair and working order (other than interest paid on System Revenue Bonds and depreciation and amortization charges during the period of determination), determined in accordance with generally accepted accounting principles, including without limiting the generality of the foregoing, current maintenance charges, expenses of reasonable upkeep and repairs, salaries, wages, costs of materials and supplies, Paying Agent fees and expenses, annual audits, periodic consultant's reports, properly allocated share of charges for insurance, the cost of purchased water, gas and power, if any, obligations (other than for borrowed money or for rents payable under capital leases) incurred in the ordinary course of business, liabilities incurred by endorsement for collection or deposit of checks or drafts received in the ordinary course of business, short-term indebtedness incurred and payable within a particular fiscal year, other obligations or indebtedness incurred for the purpose of leasing (pursuant to a true or operating lease) equipment, fixtures, inventory or other personal property, and all other expenses incident to the operation of the System, but shall exclude all general administrative expenses of the City not related to the operation of the System.

**“Interest Payment Date”** means the Stated Maturity of an installment of interest on the Bonds.

**“Maturity”** with respect to any Bond means the date on which the principal of such Bond becomes due and payable, whether at the Stated Maturity of such Bond or by call for redemption.

**“Maximum Annual Debt Service”** means the maximum amount of Debt Service Requirements as computed for the then current or any future fiscal year.

**“Net Revenues”** means all Revenues less all Expenses.

**“Operation and Maintenance Fund”** means the account by that name ratified and confirmed in the Ordinance.

**“Ordinance”** means the Ordinance of the City authorizing the issuance of the Bonds.

**“Parity Bonds”** means the Series 1996B Bonds and any additional sewerage system revenue bonds or other long-term obligations payable out of the Net Revenues hereafter issued and standing on a parity with the Bonds.

**“Parity Ordinances”** means the Series 1996B Ordinance and the ordinances authorizing any additional Parity Bonds.

**“Paying Agent”** means UMB Bank, N.A., St. Louis, Missouri, and any successors and assigns.

**“Rebate Fund”** means the fund by that name referred to in the Ordinance.

**“Redemption Date”** when used with respect to any Bond to be redeemed means the date fixed for its redemption pursuant to the Ordinance.

**“Redemption Price”** when used with respect to any Bond to be redeemed means the price, including premium, at which it is to be redeemed pursuant to the Ordinance.

**“Refunded Bonds”** means the \$5,955,000 outstanding principal amount of Sewerage System Revenue Bonds, Series 2004, dated August 15, 2004, scheduled to mature in the years 2012 to 2024, inclusive.

**“Revenues”** means (a) all income, revenues and receipts derived by the City from the operation of the System, including investment and rental income, net proceeds from business interruption insurance, and any amounts deposited in escrow in connection with the acquisition, construction, remodeling, renovation and equipping of facilities to be applied during the period of determination to pay interest on System Revenue Bonds, but excluding any profits or losses on the early extinguishment of debt or on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets, and (b) any other moneys of the City that are appropriated to and deposited in the Revenue Fund.

**“Series 1996B Bonds”** means the Sewerage System Revenue Bonds (State Revolving Fund Program) Series 1996B, of the City in the original principal amount of \$2,587,000, dated December 1, 1996.

**“Series 1996B Ordinance”** means Ordinance No. 3536 of the City passed on December 4, 1996, authorizing the issuance of the Series 1996B Bonds.

**“SRF Leveraged Program”** means the Missouri Leveraged State Drinking Water Revolving Fund Program and the Missouri Leveraged State Water Pollution Control Revolving Fund Program.

**“SRF Leveraged Program Bonds”** means any bonds of the City issued in connection with the City’s participation in the SRF Leveraged Program.

**“SRF Subsidy”** means, for each series of SRF Leveraged Program Bonds, the amount of investment earnings which will accrue on the Reserve Account for said issue of SRF Leveraged Program Bonds during each Fiscal Year (taking into account scheduled transfers from the Reserve Account which will occur upon the payment of principal on Authority Program Bonds and assuming that the construction for the applicable project has been completed), if the balance in the Reserve Account is equal to the Reserve Percentage of the principal amount of the SRF Leveraged Program Bonds outstanding, the Reserve Account is invested in an investment agreement at a fixed rate during the calculation period and earnings are reduced by the Administrative Fee payable to DNR. Administrative Fee, Reserve Account and Reserve Percentage as used in this definition have the respective meanings set forth in the bond indentures for the applicable Authority Program Bonds.

**“Stated Maturity”** when used with respect to any Bond or any installment of interest thereon means the date specified in such Bond and this Ordinance as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

**“Subsidy Payments”** means the BABs Interest Subsidy Payments, the SRF Subsidy and any similar interest subsidy payments provided through a federal or State program that reduces the interest expense on System Revenue Bonds during the applicable calculation period.

**“Surplus Fund”** means the account by that name ratified and confirmed in the Ordinance.

**“System”** means the entire sewerage plant and system owned and operated by the City for the collection, treatment and disposal of sewage, to serve the needs of the City and its inhabitants and others, including all appurtenances and facilities connected therewith or relating thereto, together with all extensions, improvements, additions and enlargements thereto hereafter made or acquired by the City.

**“System Revenue Bonds”** means collectively the Bonds and all other revenue bonds or other obligations which are payable out of, or secured by an interest in, the Net Revenues of the System.

**“Valuation Date”** means the first Business Day of each fiscal year of the System.

#### **FUNDS AND ACCOUNTS**

The Ordinance creates and ratifies the following funds and accounts:

- (a) Sewerage System Revenue Fund (the “Revenue Fund”);
- (b) Sewerage System Operation and Maintenance Account (the “Operation and Maintenance Account”);
- (c) Debt Service Fund for Sewerage System Refunding Revenue Bonds, Series 2011 (the “Debt Service Fund”).
- (d) Debt Service Reserve Fund for Sewerage System Refunding Revenue Bonds, Series 2011 (the “Debt Service Reserve Fund”).
- (e) Sewerage System Depreciation and Replacement Account (the “Depreciation and Replacement Account”), formerly called the “Sewerage System Depreciation and Replacement Fund” under the Refunded Bond Ordinance.
- (f) Sewerage System Surplus Fund (the “Surplus Fund”).
- (g) Costs of Issuance Fund.
- (h) Rebate Fund for Sewerage System Refunding Revenue Bonds, Series 2011 (the “Rebate Fund”).

In addition to the funds and accounts described above, the Escrow Agreement establishes the Escrow Fund to be held and administered by the Escrow Agent in accordance with the Escrow Agreement. The investment and use of moneys in the Escrow Fund shall be governed by the Escrow Agreement.

The Ordinance further ratifies the following funds and accounts created for the City under the Series 1996B Ordinance: Debt Service Account, Principal Account and Interest Account (collectively, the "Series 1996B Debt Service Fund").

### APPLICATION OF REVENUES

All of the Revenues of the System (except as otherwise specifically provided in the Ordinance for certain income and revenues) will be deposited in the Revenue Fund. On the first day of each month, the City will allocate the moneys in the Revenue Fund as follows:

(a) **Operation and Maintenance Fund.** There shall first be paid and credited to the Operation and Maintenance Fund an amount sufficient to pay the estimated Current Expenses during the ensuing month. All amounts paid and credited to the Operation and Maintenance Fund shall be expended and used by the City solely for the purpose of paying the Current Expenses of the System.

(b) **Debt Service Fund.** There shall next be paid and credited to the Debt Service Fund, to the extent necessary to meet on each Bond Payment Date the payment of all interest on and principal of the Bonds, the following sums:

(1) Beginning with the first of said deposits and continuing on the first day of each month thereafter to and including December 1, 2011, an equal pro rata portion of the amount of interest becoming due on the Bonds on January 1, 2012; and thereafter, beginning on January 1, 2012, and continuing on the first day of each month thereafter so long as any of the Bonds shall remain outstanding and unpaid, an amount not less than 1/6 of the amount of interest that will become due on the Bonds on the next succeeding Interest Payment Date; and

(2) Beginning with the first of said deposits and continuing on the first day of each month thereafter to and including December 1, 2011, an equal pro rata portion of the amount of principal becoming due on the Bonds on January 1, 2012; and

(3) Beginning with the first of said deposits and continuing on the first day of each month thereafter to and including June 1, 2012, an equal pro rata portion of the amount of principal becoming due on the Bonds on July 1, 2012; and thereafter, beginning on July 1, 2012, and continuing on the first day of each month thereafter so long as any of the Bonds shall remain outstanding and unpaid, an amount not less than 1/12 of the amount of principal that will become due on the Bonds on the next succeeding Maturity.

The amounts required to be paid and credited to the Debt Service Fund pursuant to the Ordinance shall be so paid at the same time and on a parity with the amounts at the time required to be paid and credited to the debt service funds established for the payment of principal and interest on Parity Bonds under the provisions of the Parity Ordinances.

Any amounts deposited in the Debt Service Fund as accrued interest, if any, as unused proceeds in accordance with the Ordinance, or as transfers from the debt service fund for the Refunded Bonds, shall be credited, first, against the City's payment obligations as set forth in paragraph (b)(1) above, and second, against the City's payment obligations as set forth in paragraph (b)(2) above.

If at any time the moneys in the Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the Debt Service Fund and to the debt service funds established to pay the principal of and interest on any Parity Bonds, the available moneys in the Revenue Fund shall, unless otherwise directed by the Series 1996B Ordinance, be divided among such debt service funds in proportion to the respective principal amounts of said series of bonds at the time outstanding which are payable from the moneys in said debt service funds.

All amounts paid and credited to the Debt Service Fund shall be expended and used by the City for the sole purpose of paying the interest on and principal of the Bonds as and when the same become due on each Bond Payment Date.

**(c) Debt Service Reserve Fund.** There shall next be paid and credited to the Debt Service Reserve Fund the amount required by this paragraph. Except as hereinafter provided in this paragraph (c), moneys in the Debt Service Reserve Fund shall be expended and used by the City solely to prevent any default in the payment of interest on or principal of the Bonds on any Bond Payment Date if the moneys in the Debt Service Fund are insufficient to pay the interest on or principal of said Bonds as they become due. So long as the Debt Service Reserve Fund aggregates the Debt Service Reserve Requirement, no payments into said Fund shall be required, but if the City shall ever be required to expend and use a part of the moneys in said Fund for the purpose herein authorized and such expenditure shall reduce the amount of said Fund below the Debt Service Reserve Requirement, the City shall make equal monthly payments into the Debt Service Reserve Fund so that the amount on deposit in such Fund shall again aggregate the Debt Service Reserve Requirement within the next 12 months, the first installment beginning the month after such use of the money in said Fund.

The amounts required to be paid and credited to the Debt Service Reserve Fund shall be so paid at the same time and on a parity with the amounts at the time required to be paid and credited to the debt service reserve funds established for Parity Bonds under the provisions of the Parity Ordinances.

If at any time the moneys in the Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the Debt Service Reserve Fund and to the debt service reserve funds established to protect the payment of any Parity Bonds, the available moneys in the Revenue Fund shall, unless otherwise directed by the Series 1996B Ordinance, be divided among such debt service reserve funds in proportion to the respective principal amounts of said series of bonds at the time outstanding which are payable from the moneys in such debt service reserve funds.

Moneys in the Debt Service Reserve Fund may be used to call the Bonds for redemption and payment prior to their Stated Maturity, provided all of the Bonds at the time Outstanding are called for payment and funds are available to pay the same according to their terms. Moneys in the Debt Service Reserve Fund shall be used to pay and retire the last Outstanding Bonds unless such Bonds and all interest thereon are otherwise paid. Any amounts in the Debt Service Reserve Fund in excess of the Debt Service Reserve Requirement on any Valuation Date shall be transferred to the Debt Service Fund.

**(d) Depreciation and Replacement Account.** After all payments and credits required at the time to be made under the provisions of paragraphs (a), (b) and (c) above have been made, there shall next be paid and credited to the Depreciation and Replacement Account the sum of \$7,100 each month until said Account aggregates the sum of \$90,000. The amount required to be deposited to the Depreciation and Replacement Account is

cumulative of, and not in addition to, amounts required to be deposited therein pursuant to any Parity Ordinance.

Except as provided in the Ordinance, moneys in the Depreciation and Replacement Account shall be expended and used by the City, if no other funds are available therefor, solely for the purpose of making emergency replacements and repairs in and to the System as may be necessary to keep the System in good repair and working order and to assure the continued effective and efficient operation thereof.

So long as the Depreciation and Replacement Account aggregates the sum of \$90,000, no payments into said Account shall be required, but if the City is ever required to expend a part of the moneys in said Account for its authorized purposes and such expenditure reduces the amount of said Account below the sum of \$90,000, then the City shall make monthly payments of \$7,100 into said Account until said Account again aggregates the sum of \$90,000.

(e) **Surplus Fund.** After all payments and credits required at the time to be made under the provisions of the foregoing paragraphs have been made, all moneys remaining in the Revenue Fund shall be paid and credited to the Surplus Fund. Moneys in the Surplus Fund may be expended and used for the following purposes as determined by the City Council of the City:

(1) Paying Current Expenses of the System to the extent that may be necessary after the application of the moneys held in the Operation and Maintenance Fund under the provisions of paragraph (a) above;

(2) Paying the cost of extending, enlarging or improving the System;

(3) Preventing default in, anticipating payments into or increasing the amounts in the debt service funds or debt service reserve funds for System Revenue Bonds or the Depreciation and Replacement Account, or any one of them, said payments made to prevent default to be made in the order prescribed in the Ordinance or in the applicable sections of ordinances authorizing additional System Revenue Bonds hereafter issued, or establishing or increasing the amount of any debt service fund or debt service reserve fund created by the City for the payment of any additional System Revenue Bonds; or

(4) Calling, redeeming and paying prior to Stated Maturity, or, at the option of the City, purchasing in the open market at the best price obtainable not exceeding the redemption price (if any bonds are callable), the Bonds or any other System Revenue Bonds, including principal, interest and redemption premium, if any; or

(5) Any other lawful purpose in connection with the operation of the System and benefitting the System.

So long as any of the Bonds remain Outstanding, no moneys derived from the operation of the System shall be diverted to the general governmental or municipal functions of the City.

(f) **Deficiency of Payments into Funds and Accounts.** If at any time the Revenues shall be insufficient to make any payment on the date or dates hereinbefore specified, the City will make good the amount of such deficiency by making additional payments or credits out of the first available Revenues thereafter received by the City, such

payments and credits being made and applied in the order hereinbefore specified in the Ordinance.

The Treasurer or other authorized officer of the City is hereby authorized and directed to withdraw from the Debt Service Fund, and, to the extent necessary to prevent a default in the payment of either principal of or interest on the Bonds, from the Debt Service Reserve Fund, the Surplus Fund and the Depreciation and Replacement Account, sums sufficient to pay the principal of and interest on the Bonds as and when the same become due on any Bond Payment Date, and to forward such sums to the Paying Agent in a manner which ensures the Paying Agent will have available funds in such amounts on or before the Business Day immediately preceding each Bond Payment Date.

### **DEPOSITS AND INVESTMENTS**

Moneys in the funds and accounts referred to in the Ordinance must be deposited in a bank or banks or other legally permitted financial institutions located in the State of Missouri that are members of the Federal Deposit Insurance Corporation, and all such deposits must be continuously and adequately secured by the banks or financial institution holding such deposits as provided by the laws of the State of Missouri. Moneys held in any fund or account referred to in this Ordinance may be invested in Permitted Investments; provided, however, that no such investment shall be made for a period extending longer than the date when the moneys invested may be needed for the purpose for which such fund or account was created, except that investments purchase with money in the Debt Service Reserve Fund may have maturities of not more than five years. All earnings on any investments held in any fund or account shall accrue to and become a part of the Revenue Fund; provided that, at any time that the balance on hand in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement, all earnings on investments held in the Debt Service Reserve Fund shall accrue to and become a part of such Fund until the amount on deposit in such Fund shall aggregate the Debt Service Reserve Requirement. In determining the amount held in any fund or account under any of the provisions of this Ordinance, obligations shall be valued at the lower of the cost or the market value thereof; provided, however, that investments held in the Debt Service Reserve Fund shall be valued at market value only. If and when the amount held in any fund or account are in excess of the amount required by the provisions of this Ordinance, the City shall direct that such excess be paid and credited to the Revenue Fund.

### **MAINTENANCE OF SYSTEM**

The City will continuously own and operate the System in an efficient and economical manner and will keep and maintain the same in good repair and working order. The City will not mortgage, pledge or otherwise encumber the System or any part thereof, nor will it sell, lease or otherwise dispose of the System or any material part thereof, except under certain conditions specified in the Ordinance.

### **RATE COVENANT**

The City in accordance with and subject to applicable legal requirements will fix, establish, maintain and collect such rates and charges for the use and services furnished by or through the System as will produce Revenues in each fiscal year sufficient to (1) pay the costs of Current Expenses; (2) pay the principal of and interest on all System Revenue Bonds as and when the same become due at the Maturity thereof or on any Interest Payment Date; (3) enable the City to have in each fiscal year Net Revenues not less than 110% of the Debt Service Requirements for such fiscal year (reducing the interest by any Subsidy Payments to be received in such fiscal year), provided the interest on System Revenue Bonds will be reduced by any Subsidy Payments expected to be received during such fiscal year; and (4) provide reasonable and adequate reserves for the payment of the



Bonds and the interest thereon and for the protection and benefit of the System as provided in this Ordinance.

The City will require the prompt payment of accounts for service rendered by or through the System and will promptly take whatever action is legally permissible to enforce and collect delinquent charges. Prior to the commencement of each fiscal year, the official of the City responsible for preparing the City's budget shall estimate the Net Revenues of the System for the next succeeding fiscal year, based on the rates for the services of the System then in effect, and shall report such estimate to the City Commission of the City. The City will, from time to time as often as necessary, in accordance with and subject to applicable legal requirements, revise the rates and charges aforesaid in such manner as may be necessary or proper so that the Net Revenues will be sufficient to cover the obligations described in the first paragraph of this section, and otherwise under the provisions of this Ordinance. If in any fiscal year Net Revenues, as evidenced by the annual audit, are an amount less than as hereinbefore provided, the City will immediately employ a Consulting Engineer to make recommendations with respect to such rates and charges. A copy of the Consulting Engineer's report and recommendations shall be filed with the City Clerk and the Purchaser of the Bonds and shall be furnished to any Registered Owner of the Bonds requesting a copy of the same, at the cost of such Registered Owner. The City shall, to the extent feasible, follow the recommendations of the Consulting Engineer.

### **INSURANCE**

The City will carry and maintain insurance with respect to the System and its operations against casualties, contingencies and risks, such insurance to be of the character and coverage and in such amounts as would normally be carried by other public entities engaged in similar activities of comparable size and similarly situated. In the event of loss or damage, the City, with reasonable dispatch, will use the proceeds of such insurance in reconstructing and replacing the property damaged or destroyed, or in paying the claims on account of which such proceeds were received, or if such reconstruction or replacement is unnecessary or impracticable, then the City will pay and deposit the proceeds of such insurance into the Revenue Fund. The City will annually review the insurance it maintains with respect to the System to determine that such insurance is customary and adequate to protect its property and operations. The cost of all insurance obtained pursuant to the requirements of the Ordinance shall be paid as an Expense out of the Revenues.

### **BOOKS AND AUDITS**

The City will install and maintain proper books, records and accounts for the System according to standard accounting practices for the operation of facilities comparable to the System. Within 180 days after the end of the fiscal year, the City will cause an audit of the System to be made for the preceding fiscal year by an Accountant to be employed for that purpose and paid from the Revenues. Said annual audit shall cover in reasonable detail the operation of the System during such fiscal year.

### **SENIOR LIEN BONDS**

The City will not issue any additional bonds or incur any other debt obligations (including capital leases as defined by generally accepted accounting principles) payable out of the Revenues which are superior to the Bonds.

### **PARITY BONDS**

The City covenants and agrees that so long as any of the Bonds remain Outstanding, it will not issue any additional bonds or other long-term obligations payable out of the Net Revenues of the

System or any part thereof which stand on a parity or equality with the Bonds (“Parity Bonds”) unless the following conditions are met:

(a) The City shall not be in default in the payment of principal of or interest on any Bonds or any Parity Bonds at the time Outstanding or in making any payment at the time required to be made into the respective funds and accounts created by and referred to in this Ordinance or any Parity Ordinance (unless such additional revenue bonds or obligations are being issued to provide funds to cure such default); and

(b) The City shall either:

(1) Certify that the annual Net Revenues derived by the City from the operation of the System, for the fiscal year immediately preceding the issuance of additional bonds are equal to at least (i) 110% of the average annual Debt Service Requirements to be paid out of said revenues in any succeeding fiscal year on account of both principal (at maturity or upon mandatory redemption) and interest becoming due with respect to all System Revenue Bonds of the City, including the additional bonds proposed to be issued, and (ii) 100% of the Maximum Annual Debt Service with respect to all System Revenue Bonds of the City, including the additional bonds proposed to be issued. Interest to be paid on the System Revenue Bonds may be reduced by scheduled Subsidy Payments, if any. In determining the Net Revenues for the purpose of this paragraph, the City may retain a Consulting Engineer or independent accounting firm who may adjust said Net Revenues by adding thereto if the City has made any increase in rates for the use and services of the System and such increase has been in effect at any time during the fiscal year immediately preceding the issuance of additional bonds, the amount, as estimated by the Consulting Engineer or independent accounting firm, of the additional Net Revenues which would have resulted from the operation of the System during said preceding fiscal year had such rate increase been in effect for the entire period; or

(2) Obtain a certificate from a Consulting Engineer or an independent accounting firm that the annual Net Revenues estimated by the Consulting Engineer or independent accounting firm to be derived by the City from the operation of the System for the fiscal year immediately following the fiscal year in which the improvements to the System (the cost of which is being financed by such additional bonds) are to be in commercial operation, are equal to at least (i) 110% of the average annual Debt Service Requirements to be paid out of said revenues in any succeeding fiscal year following such commercial operation on account of both principal (at maturity or upon mandatory redemption) and interest becoming due with respect to all System Revenue Bonds of the City, including the additional bonds proposed to be issued, and (ii) 100% of the Maximum Annual Debt Service with respect to all System Revenue Bonds of the City, including the additional bonds proposed to be issued. Interest to be paid on the System Revenue Bonds may be reduced by scheduled Subsidy Payments, if any. In determining the projected Net Revenues for the purpose of this paragraph, the Consulting Engineer or independent accounting firm may adjust said Net Revenues by adding thereto any estimated increase in Net Revenues resulting from any increase in rates for the use and services of the System which, in the opinion of the Consulting Engineer or the independent accounting firm, are economically feasible and reasonably considered necessary based on projected operations of the System.

Additional sewerage system revenue bonds of the City issued under the conditions set forth above shall stand on a parity with the Bonds and shall enjoy complete equality of lien on and claim against the Net Revenues with the Bonds, and the City may make equal provision for paying said

bonds and the interest thereon out of the Revenue Fund and may likewise provide for the creation of reasonable debt service accounts and debt service reserve accounts for the payment of such additional bonds and the interest thereon out of moneys in the Revenue Fund.

The City shall have the right, without complying with the above conditions for the issuance of Parity Bonds, to refund any of the Bonds or Parity Bonds under the provisions of any law then available, in a manner that provides debt service savings to the City, and the refunding bonds so issued shall enjoy complete equality of pledge with any of the Bonds which are not refunded, if any, upon the Net Revenues of the System. If, however, the Bonds or Parity Bonds are refunded in part and the refunding bonds bear a higher average rate of interest or become due on a date earlier than that of the Bonds or Parity Bonds that are refunded, the City must obtain the prior written consent of the Registered Owners of a majority in principal amount of the Bonds and Parity Bonds not refunded.

### **JUNIOR LIEN BONDS**

The City may issue additional junior lien System Revenue Bonds at any time provided that at the time of the issuance of such junior lien System Revenue Bonds the City is not in default in the performance of any covenant or agreement contained in the Ordinance (unless such additional bonds are being issued to cure such default) and provided further that such additional revenue bonds or obligations will be junior and subordinate to the Bonds so that if at any time the City defaults in paying either principal of or interest on the Bonds, or if the City defaults in making payments required by the Ordinance to be made to the Operation and Maintenance Account, the Debt Service Account and the Debt Service Reserve Account, the City will make no payments of either principal of or interest on said junior and subordinate revenue bonds or obligations until such default is cured.

### **DEFAULT AND ENFORCEMENT**

The owners of not less than 10% of Bonds at the time outstanding have the right to the equal benefit and protection of all owners of Bonds similarly situated, by mandamus or other suit, action or legal proceeding, to enforce their rights against the City and its officers, agents and employees and to compel any of such parties to perform all duties and obligations required by the Ordinance or by the Constitution or laws of the State of Missouri. If the City defaults in the payment of the principal of or interest on the Bonds, or if the City or its governing body or any of its officers, agents or employees fails or refuses to comply with any of the provisions of the Ordinance or of the constitution and statutes of the State of Missouri and such default continues for a period of 60 days after written notice of such default is given to the City by a bondowner, then, at any time thereafter and while such default continues, the registered owners of 25% in principal amount of the Bonds then outstanding may, by written notice to the City, declare the principal of all Bonds then outstanding to be due and payable immediately. This provision, however, is subject to the condition that if at any time after the principal of said Outstanding Bonds has been so declared to be due and payable, all arrears of interest upon all of said Bonds, except interest accrued but not yet due on such Bonds, and all arrears of principal upon all of said Bonds has been paid in full and all other defaults, if any, by the City under the provisions of this Ordinance and under the provisions of the statutes of the State of Missouri have been cured, then and in every such case the Registered Owners of a majority in principal amount of the Bonds then Outstanding, by written notice to the City given as hereinbefore specified, may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

### **DEFEASANCE**

When any or all of the Bonds or the interest payments thereon have been paid and discharged, the requirements contained in the Ordinance and the pledge of Net Revenues made

thereunder will terminate. Bonds or the interest payments thereon will be deemed to have been paid and discharged if there has been deposited with the Paying Agent, or other bank or trust company located in the State of Missouri and having full trust powers, at or prior to the maturity of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations (as defined in the Ordinance) which, together with the interest to be earned on any such obligations, will be sufficient for the payment of the principal of said Bonds, the redemption premium thereon, if any, and/or interest to accrue to their Stated Maturities or Redemption Dates, as the case may be, or if default in such payment has occurred on such date, then to the date of the tender of such payments.

### **AMENDMENTS**

The rights and duties of the City and the bondowners, and the terms and provisions of the Bonds or of the Ordinance, may be amended or modified at any time in any respect by ordinance of the City with the written consent of the registered owners of a majority in principal amount of the Bonds then outstanding, but no such modification or alteration may: (a) extend the maturity of any payment of principal or interest due upon any Bond; (b) effect a reduction in the amount which the City is required to pay by way of principal of or interest on any Bond; (c) permit the creation of a lien on the Net Revenues prior or equal to the lien of the Bonds or Parity Bonds; (d) permit preference or priority of any Bonds over any other Bonds; or (e) reduce the percentage of Bonds required for written consent to any amendment or modification of the Ordinance. Without bondowner consent, the City may amend or supplement the Ordinance to cure any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein which is not materially adverse to the interest of the bondowners.